



Abt Associates Inc.

Participatory Evaluation:

Urban Public Transportation Improvement and Effective Local Government Programs in Ukraine

**ENI Local Government Indefinite Quantity Contract
EEU-I-00-99-00001-00; Task Order OUT-EEU-I-99-00001-00**

Final Report

**Submitted to:
US Agency for International Development,
Regional Mission for Ukraine, Belarus, and Moldova
Kyiv, Ukraine**

**Submitted by:
Abt Associates Inc.
with
MetaMetrics Inc.**

December 1999

Acknowledgements

This participatory evaluation is the result of the contributions of many committed and interested individuals. The stand of the USAID Mission in Kyiv for the possibility of beneficial and creative involvement of stakeholders in local government development was essential for such an undertaking. Mission staff contributed support in the extensive logistics required to put a nineteen person team into the field for visits to six cities. The Abt Associates/MetaMetrics team thanks Judith Hansen and Michael Foster for initiating this evaluation and for their active participation in the intensive Training and final Findings and Recommendations Workshops. Without their leadership this effort would never have been attempted. We thank the many public enterprise, NGO, and government officials and the ordinary citizens who generously discussed municipal services and local government development in Ukraine. Finally, this evaluation is the result of an extraordinary effort of the nineteen persons of the Participatory Evaluation Team who devoted three weeks to a demanding schedule of training, field work, analysis, and report preparation. Of course, the Abt Associates/MetaMetrics team takes full and independent responsibility for the final report analysis, findings, and recommendations as derived from Participatory Team memoranda and reports, our assessment of interview information, and our review of project documentation and other materials.

Members of the Participatory Evaluation Team

Association of Ukrainian Cities

Margaryta Yurchenko
Assistant to the Executive Director
Kyiv

Tetyana Yushkevych
Financial Program Coordinator
Kyiv

State Committee for Construction, Architecture and Housing Policy

Yaroslav Nepomnyashchii, Specialist of the Economic Department
Kyiv

Transportation Company Managers and Officials

Anatoliy Tetyora
Director, Transportation Company
Kirovohrad

Leonid Yakovets
Director, Transportation Company
Ivano-Frankivsk

Lidiya Pavluk
Head of Economic Department, Transportation Company
Ivano-Frankivsk

Lyubov Ilyina
Chief Economist, Transportation Company
Rivne

Stepan Zaginey
Director, Transportation Company
Rivne

Victor Gordienko
Engineer, Transportation Company
Kryvyi Rih

Volodymyr Levchenko
Deputy Director, Transportation Company
Sumy

Water Supply/Municipal Officials

Lyudmyla Semenyuk, Head
Economic Department of Vodokanal
Chernivtsi

Dominika Vorotnyak, Head
City Budget Department
Chernivtsi

Research Triangle Institute

Iryna Chaika
Consultant, RTI
Kyiv

US Agency for International Development

Oleksander Cherkas
Environment Program Management Specialist
Office of Democratic and Social Transitions
Kyiv

Olena Chukhno
Specialist
Kyiv

Petro Luzik
Tax Reform Specialist
Office of Economic Restructuring
Kyiv

Tamara Palivoda
Secretary
Program and Strategy Office
Kyiv

Tatiana Talalayeva
Mail and File Clerk
Executive Office
Kyiv

Valeriy Oliynyk
Municipal Development Project Management Specialist
Office of Democratic and Social Transitions
Kyiv

Abt Associates/MetaMetrics

Leo T. Surla, Jr., President
MetaMetrics Inc.
Washington, DC

Ruslan Nyzhnyk, Director
Invest-Consulting
Lviv

Ulrich F.W. Ernst, Economist
Abt Associates Inc.
Cambridge, Massachusetts

Executive summary

This report presents the findings, conclusions and recommendations of a *participatory evaluation* of two projects funded by USAID and implemented by Research Triangle Institute (RTI) in support of more effective and responsive local government in Ukraine: the Urban Public Transportation Improvement (UPTI) project, and the Effective Local Government (ELG) project. A team from Abt Associates Inc. and Metametrics Inc. coordinated this evaluation for USAID/Kyiv under a Task Order under the ENI Local Government.

The participatory evaluation approach

The evaluation stressed the active participation by key stakeholders to enable them to “define and address issues and questions of their own, thereby ... to feel ownership of the findings and to facilitate their follow-up action.” (Statement of Work) Accordingly, the evaluation engaged some 18 participant-evaluators from the cities, the Association of Ukrainian Cities (AUC), and USAID/Kyiv, with the contractor team acting as guides, coordinators and reviewers.

Work with the participant-evaluators started with a week-long training workshop to familiarize them with rapid appraisal techniques, in particular effective approaches to interviews with (other) stakeholders. The workshop included a series of practice interviews and analysis sessions, including a field trip to a nearby town.

The actual fieldwork for the evaluation extended over two weeks. The participant-evaluator split up into three teams, each spending several days interviewing and collecting data in selected cities that had participated in either UPTI or the ELG project, or both. In the first week the teams traveled to three cities in western Ukraine: Chernivtsi, Ivano-Frankivsk and Rivne. In the second week of fieldwork, the teams traveled to three cities in central and eastern Ukraine — Sumy, Kirovohrad and Kryvyi Rih. The teams discussed and reviewed their findings throughout their time in the field, and then prepared their own conclusions and recommendations presented at a concluding workshop in Kyiv to officials from AUC and other stakeholders.

The projects

The Urban Public Transportation Improvement (UPTI) project was designed to counter the deterioration of public transportation services in Ukrainian cities, where 80-90 percent of the population regularly use and often depend on these services. The project sought to: (1) restore bus capacity and service levels; (2) reduce operating costs; (3) increase fare revenues; (4) develop plans for capital financing and creating mixed motorized/electric systems. Over its life (September 1997-December 1998), the project provided matching grants for a total of \$1 million for purchase of spare parts and buses in nine cities,¹ and approximately \$1.2 million for technical assistance in planning, financing, and operating municipal transportation systems. In the context of USAID's Strategic Objective (SO) 2.3, the project

¹ Ivano-Frankivsk, Rivne, Chernivtsi, Sumy, Kirovohrad, Zhytomyr, Mariupol, Kryvyi Rih, and Lviv. Lviv received \$200,000 for spare parts, the other eight cities \$100,000 each; the funds were to be matched by the cities, adding in principle another \$1 million to the project budget. Several of the cities did not meet their matching targets.

sought to improve management; service delivery; and financial planning, and increase citizen participation.

The **Effective Local Government** project combined a broad range of technical assistance and training activities aimed at municipal administrations, especially with respect to budget preparation and transparency, and municipal service enterprises, in particular water companies (*vodokanals*). Specifically, the ELG project sought to (1) strengthen the AUC "as a permanent and institutionalized voice for Ukrainian municipalities," (2) improve overall financial management of six target cities, focusing on "a specific municipal service enterprise;" and (3) involve the broader community in service decision making. With respect to USAID's SO 2.3, the project was to contribute to increasing local authority, improving financial management, advancing legal reform, improving management, increasing citizen participation, improving strategic planning, increasing information regarding government operations, increasing access to decision making fora, and enhancing the transparency of government operations. Six cities participated in the ELG project (five of which also participated in the UPTI project).² The total budget for the project (September 1997-November 1998) was slightly under \$1.5 million.

Constraints and challenges

Ukraine has ratified the European Charter of Local Self-Government, and its Parliament has passed a Law on Local Self-Government which provides for local responsibility and authority. Even so, the *practice* of government has yet to catch up with these commitments. City budgets are still largely determined in a top-down fashion, with the oblast largely responsible for the allocation of funds. Government at the regional and national level not only control the pursestrings, but also play a dominant role in setting or controlling tariffs, and in helping to maintain entitlements to free service by many groups.³

Communal enterprises cannot count on the city budget to make up any operating deficits, let alone finance capital expenditures. In fact, in some instances, cities have responded to improved performance of a communal service enterprise by lowering subsidies. Being unable to count on a certain levels of contributions introduces an element of risk for the management of the enterprises.

Largely as a result of these factors, and the continuing practice on the part of industrial enterprises and governmental ("budget") organizations of paying for services through barter and offsets, communal enterprises often experience negative cash flows. They cover these shortfalls by "borrowing" from involuntary lenders, their own employees and providers of services, such as the electricity company by postponing payments. Some companies have made progress in catching up and eliminating arrears. Most of them, however, are caught in a web of arrears and cross-debts that further limit management options.

Finally, like all enterprises operating in Ukraine, communal services enterprises face what could be described as "regulatory overload." Applicable rules and regulations often change without adequate communication, and different agencies control different aspects of the companies' operations, sometimes at cross-purposes.

² The ELG cities were: Ivano-Frankivsk, Rivne, Chernivtsi, Sumy, Kirovohrad, and Izum (not in the UPTI project).

³ There are reportedly some 36 categories of groups entitled to travel free on public transportation, for example.

Results and impacts: Public transportation

- All nine cities participating in the UPTI project used project funds to acquire spare parts for trolleybuses, new vehicles, and information technology equipment. However, not all of the cities provided the matching funds they had agreed to under the project Memorandum of Understanding.
- The acquisition of spare parts actually had a moderate impact on the availability ratio for trolleybus operation, raising the aggregate ratio for all enterprises from 69 to 71 percent.
- Significant improvements in service levels were primarily the result of restructuring and a shift to motorized transport, mostly minibuses. Efforts to restructure the fleets and services were a direct result of the project and its predecessor efforts.⁴
- Management of the companies frequently stressed that attendance at workshops and discussions with consultants had changed their "vision" about the mission of the enterprise — to provide transportation to the public rather than just operate trolleybuses.
- In addition, the increased participation of private operators, usually with minibuses, but also involving full-size buses, greatly improved service levels. The project contributed to this development by urging support for private sector participation. In line with project recommendations, several public transportation enterprises have entered (or are about to enter) into contractual relations with private operators to integrate services.
- Fare collection improved dramatically between 1996 and 1998, although the net contribution of the project is difficult to assess. In the aggregate for the nine cities, fare revenue (in real terms) increased by a factor of 6. The gains were in large part the result of putting conductors on each trolleybus, and instituting measures to keep "leakage" to a minimum. However, further gains in fare revenue, needed to operate at a financially sustainable level, require increases in fares. While some companies have been able to raise fares, others feel that the Presidential decree holding fares at the July 1998 level ties their hands. Since there is greater flexibility with respect to fares on mini and midi-buses, increased deployment of these vehicles by the communal enterprises, either directly or under contract, can raise the average fare, and thereby total revenues.
- Largely as a result of their participation in the project, several public transportation providers have made progress in controlling and reducing operating costs. Some have developed sophisticated IT-based management tools match between supply to demand more effectively, virtually in real time, or to link total remuneration of drivers and conductors dynamically to total revenue. In other instances, company management has shown little initiative in bringing down operating costs.

Results and impacts: Vodokanal companies

- The implementation of the Citizen Involvement or Consumer Participatory Outreach (CI/CPO) Model under the Effective Local Government project in two cities — Chernivtsi and Sumy — proved effective, but was also resource-intensive. The Model involved the appointment of Advisory

⁴ After independence, privately operated (mini)bus services had begun to compete with public transportation companies throughout Ukraine. The project's contribution was to encourage the public transportation providers to shift from exclusive reliance on electric trolleybuses to mixed fleets, where electric and motorized transport was managed in a complementary fashion, with a gradual shift towards motorized transport.

Committees, focus group interviews, large-scale sample surveys and analysis, and financial analysis, culminating in public hearings.

In the two CI/CPO cities, attitudes toward and relationships with each other reportedly improved greatly between the water company, its customers, and city government.

- Better understanding of residents' concerns may have accelerated priority investments and management changes, thereby significantly improving service levels and customer satisfaction. But real improvements require capital investments.
- On the customer side, improved communications have contributed to some improvement in payment morale (although people who do not get paid themselves for their work on time remain unwilling or unable to pay their bills). Reportedly, they also have changed attitudes toward water use and conservation.
- However, while communications between the water companies and their customers have improved, the option of public hearings was not institutionalized.
- The impact of the Water Enterprise Financial Analysis Model was limited.

Results and impacts: Association of Ukrainian Cities

- The training and technical assistance under the project strengthened AUC's role as a policy advocate on behalf of the country's municipalities, and its capabilities in consultancy and training.
- The project helped AUC in publishing its bi-monthly journal, and in communicating with its members through a web site, as well as through workshops and conferences.
- A mayor of one of the cities visited expressed a prevailing attitude: "AUC is the only organization at the national level that stands up for municipal government and defends our interests." Project-related activities have certainly reinforced the visibility and credibility of the Association.

Results and impacts: Municipal finance management

- Of the five cities participating in the ELG project visited, only two — Chernivtsi and Ivano-Frankivsk — had worked more or less intensively with the Financial Analysis Model (FAM) developed and introduced under the project in budget preparation and presentation. One city, Rivne, reportedly had not received the FAM at all, while the two others, Kirovohrad and Sumy, had used it briefly at some point for presenting budget information. None of the municipalities visited were aware of the Capital Improvement Program (CIP) which RTI had reported as developing as a part of the FAM.
- Users reported some problems with the "static" nature of FAM which did not keep up with changes in the applicable legislation and regulations. They were apparently unable to update the model themselves, and were looking for ways to keep it current.
- While the transparency of city budgets may have improved to some extent as a result of the project intervention, formal citizen participation generally remained limited.
- External constraints, in particular the continued adherence to principles of top-down budget allocations, and the slow progress in allowing cities to keep and program an increasing portion of

their revenues, have impeded progress toward more rational budget management at the municipal level, and have therefore affected the results and impacts of the project intervention.

Recommendations

Overall, the participatory evaluation teams concluded that both needs and project accomplishments argued for continued USAID support for democratic local government along the lines pursued jointly under the UPTI and ELG projects. The legal and administrative framework remains sufficiently unsettled to warrant additional efforts on intergovernmental relations and the national budget review process, with the AUC as the principal agent for municipal interests. Training programs, conferences, and workshops on these issues would inform and educate lawmakers and officials. The AUC can continue to engage in and expand the activities to support local government development at the national level.

At the local level, three cross-cutting lessons of the UPTI and ELG evaluation provide useful guidance for the design and implementation of future support for municipal government in Ukraine:

- (1) While the environment poses many difficulties, there is sufficient flexibility to move forward with innovative and creative solutions.
- (2) The demonstration effect of sustained work with municipal governments and service providers can be substantial. Trying to include too many cities can spread project resources too thin.
- (3) Innovation and progress in municipal government often has a "serendipitous" or opportunistic element.

These lessons suggest a focus on creative approaches to achieving a clearly articulated policy agenda, with *intensive, sustained support* for a few selected — two, at most three — cities, combined with demand-driven response to opportunities arising elsewhere. Specifically, we believe that *increased private sector participation*, including private-public partnerships to "offload" municipal services, and efforts to pursue jointly economic development initiatives, represents a logical agenda building on the accomplishments under the two evaluated projects, and their predecessors and successors. Working intensively with partner cities and enterprises committed to change can lead to demonstrating the political and financial feasibility of innovative approaches as a basis for dissemination.

The challenge lies in selecting the cities for intensive technical and financial cooperation. They must have a suitably strong commitment to designing and implementing innovative solutions. One option worthy of further consideration is a kind of "participation tender." USAID would invite municipalities to "bid" for participation in the program, which may include some support for capital investments possibly through DCA-like arrangements. Selection of the winning "bidder" would be based on support for the policy agenda, such as enhanced private sector participation, an emphasis on participatory approaches that actively involve end users, and evidence of commitment on the part of the municipalities. The AUC could play a lead role in this "bid" process.

The "opportunistic" element of future support would involve small grants, again on a matching basis, to municipalities and municipal service providers to relieve specific constraints to proposed innovations. To prevent a proliferation of potentially deserving proposals and maintain a strategic focus, grants would be limited to the adaptation and adoption of specific solutions that have been developed in the core support cities as a result of dissemination efforts. Examples include training for officials or technicians in a particular skill area, cost-sharing for the acquisition of equipment, or for engaging private consultants to develop/adapt systems and software.

Table of contents

Executive summary	i
1 Introduction	2-1
1.1 The setting for the evaluation	2-1
1.2 Evaluation objectives	2-1
1.3 Evaluation activities	2-2
1.4 The setting for the projects	2-3
2 The participatory evaluation process	2-1
2.1 Involvement and ownership	2-1
2.2 Participatory evaluation overview	2-1
2.3 Phase I: Preparation	2-2
2.3.1 <i>Initial steps</i>	2-2
2.3.2 <i>Selection of participant-evaluators</i>	2-2
2.3.3 <i>Selection of target cities</i>	2-2
2.4 Phase II: Training of participant-evaluators	2-3
2.4.1 <i>Participatory Evaluation Workshop</i>	2-3
2.4.2 <i>Selection of "sector" groups, partners, and city teams</i>	2-3
2.5 Phase III: Field work	2-4
2.6 Phase IV: Final workshop and reports	2-4
3 Activities, results, and impacts: Transportation	3-1
3.1 Introduction	3-1
3.2 Procurement of spare parts and equipment	3-2
3.3 Enterprise restructuring	3-3
3.4 Raising revenues	3-5
3.5 Subsidies and "privileges"	3-6
3.6 Reducing costs and improving efficiency	3-7
3.7 Toward a mixed motorized/electric fleet	3-8
3.8 Encouraging private sector participation	3-9
4 Activities, results, and impacts: Effective local government	4-1
4.1 Introduction	4-1
4.2 Water supply	4-1
4.2.1 <i>Consumer participation</i>	4-2

4.2.2	<i>Financial analysis and enterprise management</i>	4-2
4.2.3	<i>Results and impacts</i>	4-3
4.2.4	<i>Conclusions</i>	4-5
4.3	Municipal finance management	4-5
4.4	The Association of Ukrainian Cities.....	4-8
5	Recommendations	5-1
5.1	Recommendations by participant-evaluators.....	5-1
5.1.1	<i>National and regional level</i>	5-1
5.1.2	<i>City level</i>	5-1
5.1.3	<i>Enterprise</i>	5-2
5.1.4	<i>Association of Ukrainian Cities</i>	5-3
5.1.5	<i>USAID activities</i>	5-3
5.2	Program priorities and approaches	5-4
5.2.1	<i>Lessons from the evaluation</i>	5-4
5.2.2	<i>National level</i>	5-5
Annex A: Evaluation Team Report		
Annex B: Interviewees		
Annex C: Bibliography		
Annex D: Statement of Work		
Annex E: Revised Work Plan (October 23, 1999)		
Annex F: Workshop and Training Materials		
Annex G: Fourteen evaluations questions revisited		
Annex H: UPTI project interventions and results for selected cities		
Annex I: Team assignments of participant-evaluators		

1 Introduction

"Establishing democratic institutions, free and open markets, an informed and educated populace, a vibrant civil society, and a relationship between state and society that encourages pluralism, participation and peaceful conflict resolution—all of these contribute to the goal of building sustainable democracies."

United States Agency for International Development Strategic Plan, 1997

1.1 The setting for the evaluation

Effective, responsive, and accountable local government — a strategic objective of the US Agency for International Development (USAID) — is an element of democracy that directly supports the establishment and operations of a free and open market. Characteristic of such local government is the active participation of citizens and civil society organizations. The enhancement of the ability of local government to respond to needs of citizens and provide necessary community services has been an important part of the USAID program in Ukraine.

Since 1996, USAID/Ukraine has worked to achieve immediate and long term improvement of crucial local public services that had deteriorated since the country declared its independence in 1991. Under a contract for the Urban Public Transportation Improvement (UPTI) project, and through a Cooperative Agreement for the Effective Local Government (ELG) project, Research Triangle Institute (RTI) advised and assisted local government in a number of Ukrainian cities during 1997-98. Development Group International (DGI) was the principal subcontractor to RTI for the UPTI project. To enhance the impact of the evaluation, USAID decided to use an innovative approach and structure it as a *participatory evaluation* engaging stakeholders as "participant-evaluators," and relying on rapid appraisal techniques. The active involvement of key stakeholders from the cities, from the AUC and from USAID/Kyiv was to enable them to "define and address issues and questions of their own, thereby to feel ownership of the findings and to facilitate their follow-up action." (Statement of Work) It also provided an opportunity to examine and interpret the information gathered jointly from different viewpoints ("triangulation").

USAID/Kyiv issued a Task Order under the ENI Local Government IQC to the Abt Associates Consortium to coordinate the participatory evaluation. The evaluation team comprised the coordinators and a group of nineteen participant-evaluators drawn from Ukrainian city administrations, communal enterprises, the Association of Ukrainian Cities (AUC), and USAID/Kyiv. This report presents the findings, conclusions and recommendations of the participatory evaluation of the two projects.

1.2 Evaluation objectives

The participatory evaluation was designed to (1) assess the achievements (impacts) of these two projects, and of their interaction with the Association of Ukrainian Cities, identify results to date, and determine program progress towards achieving Strategic Objective 2.3 (more effective, responsive, and accountable local government); (2) establish guidance for any future activities in

the area of municipal government and service delivery; and (3) ensure active participation by key stakeholders, including USAID/Kyiv staff. The Statement of Work (Annex D) established specific objectives and posed a series of evaluation questions; the latter addressed separately in Annex G.

1.3 Evaluation activities

Evaluation activities included an intensive training effort for the participant-evaluators, followed by data collection and analysis in the field. The fieldwork was built around intensive data gathering efforts by the participant-evaluator teams in six cities, all but one (Kryvyi Rih) of which had participated in both projects: Ivano-Frankivsk (population: 252,700),¹ Rivne (245,300), Chernivtsi (260,700), Sumy (305,200), Kirovohrad (284,000), and Kryvyi Rih, (762,000).

As described in detail in the revised workplan (Annex E), the evaluation proceeded in four steps:

- I **Preparation (one week):** The team prepared the draft workplan, conducted initial interviews in Washington, and reviewed available documents prior to departing for Kyiv. The team also held meetings with the participatory methods consultant. During this time, the Mission identified potential candidates for the Participatory Evaluation Team.
- II **Participatory Evaluation Workshop (one week):** The team conducted an orientation for the participant-evaluators, and prepared the Workshop handbook and supporting Workshop materials, which were translated into Ukrainian. The five-day Participatory Evaluation Workshop included two days of intensive classroom work, one day of classroom practice interviews and refining of interview techniques, a one-day field trip to Slavutych for interviews, and a one-day exercise that resulted in the drafting of interview questions by the participant-evaluators.
- III **Fieldwork (two weeks):** The evaluation team split up into city groups of six persons each and conducted interviews in Rivne, Ivano-Frankivsk, and Chernivtsi. The entire team then assembled for two days in Ivano-Frankivsk to review of results and techniques, with all three city teams participating in a joint review on the final day. The evaluation team divided again into three groups to conduct the interviews in Sumy, Kirovohrad, and Kryvyi Rih over a three day period.
- IV **Final Workshop and Reports:** At the end of the fieldwork, the evaluation team conducted a two day Findings and Recommendations Workshop in Kyiv. The final session of the Workshop was a presentation to USAID and other stakeholders by the participants on findings, conclusions, and recommendations on transport, communal services (water supply), and municipal development including the Association of Ukrainian Cities. The Abt Associates/MetaMetrics evaluations coordinators held a briefing at the USAID Mission and delivered a draft final report prior to their departure from Kyiv. Phase IV included review and revision of the draft final report and a final briefing to be presented to USAID/Washington personnel.

¹ Population figures from the Association of Ukrainian Cities *Membership Handbook*, 1999.

In preparing this report, the evaluation coordinators used the conclusions and recommendations articulated by the participant-evaluators, additional material provided by them, and other information. Annex A contains the conclusions and recommendations of the participant-evaluators as presented in the final workshop in their entirety, as an integral part of this report. The main body of the report is a joint product of the entire evaluation team, but the coordinators alone are responsible for the conclusions and recommendations presented therein.

1.4 The setting for the projects

In mid-1997, when the two projects were designed, local government issues were at the forefront of Ukraine's policy debates. Ukraine had ratified the European Charter of Local Self-Government, and the Supreme Rada had passed the Law on Local Self-Government on May 21, 1997, yet effective implementation hinged on the readiness of government at all levels to make the vision and provisions outlined in the law a reality. The program description for the Effective Local Government made that point quite forcefully:

"At this moment, the Ukrainian dialogue on local government policy is in a critical phase. The forces favoring decentralization and local autonomy must have adequate technical and intellectual resources to draw on for the discussion — they must have communications that are up to the task, and access to international comparisons, policy analysis, and expert assistance."

The Law on Local Self-Government transferred ownership of and responsibility for municipal services to local governments. These governments faced the need to demonstrate to their citizens that increased local responsibility also meant increased responsiveness to their needs and problems. In the wake of the wrenching economic readjustments that followed the breakup of the former Soviet Union, municipal services had deteriorated. Funds for routine investments and operating and maintenance expenditures declined precipitously. The former practice of setting tariffs to recover only operating and maintenance expenses, with funds for investments coming from the central government, often in unpredictable patterns, meant that tariffs were inadequate for an independent operation of the service enterprise. Moreover, as a consequence of deteriorating economic conditions, payment morale plummeted and consumers refused to pay. Management of municipal service establishments was not used to dealing with residents as customers. For example, Soviet-era practices treated information about water systems as a state secret. Involving customers, sharing plans or management decisions with the public was simply not part of the management approach.

The deterioration in service levels had been most dramatic in public transportation, where fundamental management weaknesses had been exacerbated by a lack of funds to acquire spare parts, let alone new vehicles. With an aging fleet, transport companies had resorted to cannibalizing some vehicles to keep others in service. As a result, the availability ratio declined, service decayed, and public dissatisfaction grew.

USAID, through RTI as its contractor, had been active in supporting the emergence of effective local government in Ukraine, including improvements in communal services delivery since 1994. The Municipal Finance and Management (MFM) project targeted improvements in management and finance at the municipal level, including progress in municipal service delivery, as well as the development of a supportive policy framework at the national level. The project was active in three pilot cities, Lviv, Ternopil, and Kharkiv, but reached a much broader range of

medium-sized cities through seminars, workshops, other dissemination efforts, and word of mouth. USAID decided to continue this assistance to a larger group of cities. Resources under the MFM project were used to conduct needs assessments in the selected cities and secure their participation in the projects. These contacts, in addition to previous participation in dissemination efforts, helped shape the context for the projects proper.

At the same time, some of the cities also participated in programs focusing on municipal development and service delivery funded by other cooperating agencies. For example, the European Union's TACIS program supported the development of a comprehensive strategic plan for water supply and sewage treatment in Chernivtsi.

Policies at the national and regional level largely determine programmatic opportunities and resources for municipal development. Our interlocutors in the evaluation consistently highlighted three main obstacles to the development of sound financial management at the level of the city and of the communal enterprises:

- A continuing policy of top-down budgeting, with the state and the Oblast allocating funds to cities typically in an unpredictable manner;
- unfunded mandates, specifically the requirement to provide services to an assortment of beneficiaries free of charge, without any compensation; and
- restrictions on tariffs that can be charged for transportation and water, often enforced through legal action.²

While the Law on Local Self-Government provides a comprehensive framework that transfers specific responsibilities and authorities to the municipal government level, executive and legislative practices — especially in budget preparation and implementation — have yet to catch up. Remnants of pre-independence thinking shape many of these practices. As a result, the effective legal, regulatory and administrative framework for municipal government and for communal services enterprises remains muddled. The authority granted under one set of provisions may be curtailed by some other law, decree or by administrative regulations. At the same time, seemingly ironclad legislative or regulatory constraints, such as national-level freezes on tariffs, may leave compliance to the discretion of local government.

The evaluation of the performance and impacts of the projects, and the formulation of recommendations for future programs must take these realities into account.

² A main factor cited in virtually all of the cities we visited were Presidential decrees freezing fares or water charges at the level of July 1998. However, these restrictions have been successfully challenged or circumvented in some instances. For example, while several transport enterprises referred to a freeze on fares at the level of July 1998 imposed by Presidential decree as the obstacle to raising fare revenues, Rivne successfully raised fares in 1998 and 1999.

2 The participatory evaluation process

2.1 Involvement and ownership

The active involvement of stakeholders as participant-evaluators was essential to provide some technical depth, sociopolitical context, and a more comprehensive perspective to the evaluation. The effort provided a learning experience for the evaluation participants that should be useful in their involvement in future program planning and implementation. The participatory approach was seen as enabling the stakeholders involved to define and address issues and questions of their own, acquire ownership of the basic findings, and support follow-up individual and organizational action, building upon the successes and other lessons of the completed local government development programs.

Members of the stakeholder evaluation team included transport and water supply officials, AUC and municipal officials, an employee of the State Committee on Construction, Architecture and Housing Policy, an RTI representative, and USAID Mission staff. The participatory evaluation design was structured to facilitate their participation in the identification of problems or constraints to the successful achievement of program purposes, the determination of future training and technical assistance needs, and the generation of recommendations for possible future USAID strategies and activities in local government.

2.2 Participatory evaluation overview

The USAID Scope of Work for the evaluation defined the overall approach in terms of the information needed to answer the evaluation questions and the general procedures for collecting and analyzing this information through the active participation of key stakeholders. The evaluation team comprised the Abt Associates/MetaMetrics "core" or coordinator team of Leo Surla (Team Leader/Lead Facilitator), Ulrich Ernst (economist), and Ruslan Nyzhnyk (field coordinator) with Anne Sweetser as the Washington, DC based participatory evaluation consultant; and 19 participant evaluators that included 12 stakeholders, 6 USAID staff, and one RTI representative (Irina Chaika). A support team consisted of Ukraine-based translators/interpreters and clerical personnel. The overall approach relied on the participant-evaluators to collect and analyze evaluation information. The coordinators complemented the information that the participant-evaluators collected in the course of their fieldwork through the review of project documentation and the collection of process and impact information from other standard sources including interviews.

The approach focused on encouraging a free interplay of ideas to achieve input and agreement among the members of the evaluation team on the design, interview instruments, interview techniques, and analysis for findings and recommendations. It stressed periodic mutual review of information and findings, combining and sharing all collected evaluation information, and reliance on participatory analytic methods to enhance the potential of stakeholder ownership of evaluation results, findings, and recommendations. The coordinators participated actively in conducting field interviews. Evaluation team members conducted interviews with key municipal officials, project and municipal services personnel, and other respondents including end users of municipal services.

2.3 Phase I: Preparation

2.3.1 Initial steps

In preparing for the fieldwork, core team members Leo Surla, Ulrich Ernst, and Anne Sweetser met in Washington to review the evaluation approach, conduct interviews with USAID/Washington and RTI staff, compile background information, and prepare the draft workplan. This team also developed the program outline and initial list of materials for the Participatory Evaluation Workshop prior to departure for Kyiv. During the first week in country, we identified and hired the in-country coordinator (Rusland Nyzhnyk), as well as the interpreters/translators and support personnel. The team also prepared the workshop lesson plan and handbook materials.

2.3.2 Selection of participant-evaluators

The participatory evaluation design called for a team that reflected to the fullest extent possible the diversity of the general Ukrainian population in terms of gender, age and ethnic background. The USAID Project Officer issued an invitation to USAID personnel, transport and water officials, municipal officials, and officials of the Association of Ukrainian Cities to participate in the three week participatory evaluation. The core team issued follow-up invitations, and held a participatory evaluation orientation at the USAID Mission to review the proposed roles, responsibilities, and expected time commitment with twelve interested persons. The discussions with prospective participant-evaluators covered minimum commitments for participation, and resulted in some minor adjustments in terms of scheduling, depending upon home locations of the participants and prior professional commitments.

Altogether, eighteen persons committed to participating in the program. A nineteenth member joined during the first week of the field interviews. Fourteen of the nineteen participated throughout the evaluation period. The participatory evaluation team included eight men and ten women. All were professional persons with important responsibilities within their organizations, and eleven had responsibilities and experience directly relevant to the participatory evaluation. Six persons were from the USAID Mission. The ages of the participants ranged from the twenties to fifties. There was one person each from Kirovohrad, Ivano-Frankivsk, Sumy, and Kryvyi Rih. There were two persons from Rivne and two from Chernivtsi. The remaining ten persons lived in Kyiv.

2.3.3 Selection of target cities

Characteristics of the ten program cities were reviewed for selection of sites to be visited. Izum was included in the ELG program only, did not have a *vodokanal* activity, is relatively isolated from the other cities, and has the smallest population. Of the remaining ELG cities (all five also had UPTI activities) a convenient grouping was seen as Sumy, Kirovohrad, and Kryvyi Rih in the East and Rivne, Ivano-Frankivsk, and Chernivtsi in the West.

2.4 Phase II: Training of participant-evaluators

2.4.1 Participatory Evaluation Workshop

The workshop design as presented in the original draft workplan envisioned two days of classroom sessions and two days of practice interviews in the field and a review of interview techniques. Scheduling of the practice field visit, however, required additional time; as a result, the practice interviews were carried out both in the "classroom," taking advantage of the expertise and experience of some of the participant-evaluators, and during a field trip to a nearby town (Slavutysh). On day three of the Workshop (Wednesday), in addition to the presentation of other workshop material, participant-evaluators conducted detailed interviews with seven of the team members their colleagues with specialized expertise and experience. Each exercise included an extensive interview by a two person team, the taking of detailed notes, and a review commentary by an observer participant.

All eighteen members participated in the first three days and fifteen participated in the fourth day of field exercise interviews with municipal officials in the town of Slavutysh. On the bus trip to the Slavutysh, members were engaged in the development of questions to be included on the interview formats. Some of the practice interviews were conducted by two-person teams, others by individual members. A review of the tasks for the following two days of instrument development, discussions on scheduling for the first week of field interviews, and a question and answer session to clarify participation and logistics of the three "sector" (transportation, water supply and wastewater, and municipal finance/AUC) groups were held on the trip back to Kyiv.

As the final element of the Workshop, the core team drafted an interview framework to guide the team in the conduct of the interviews and outline the relationship of evaluation questions to potential sources of information. The fourteen evaluation questions of the USAID Statement of Work were translated and provided to the evaluation team to support their drafting of interview instruments. (The "Specific Objectives" of the evaluation listed in the Statement of Work were later also translated into Ukrainian and distributed among team members.) Individual participant teams then developed separate interview sets for municipal officials, enterprise employees, and customers in their respective area interest.

2.4.2 Selection of "sector" groups, partners, and city teams

The assignment of participant-evaluators to the "sector" or technical groups was initially random, irrespective of home location and technical interest in the subject, followed by adjustments to accommodate interest preferences. Approximately four persons changed groups. Assignments to the city teams proceeded in the same fashion. The final grouping for the first week of field work comprised six persons in three pairs to cover each technical area for Rivne; seven persons (a pair each for transport and AUC/finance and a three person team to address water) in Chernivtsi; and five persons with a two person team for AUC/finance and a three person team for transportation in Ivano-Frankivsk. The process for the second week was similar for the cities of Sumy and Kirovohrad. The exception was Kryvyi Rih where a transportation team and coordinators conducted a one day visit.

2.5 Phase III: Field work

The purpose of evaluation team activities was to cover the objectives of the evaluation and the evaluation questions, as stated in the Statement of Work. The teams carried out field work in the six cities in weeks 3 and 4 of the evaluation, typically leaving on Sunday night by overnight train on sleeper cars allowing for a full day of work on Mondays. Municipal officials assisted in scheduling interviews and coordinating arrangements. In each city, the teams conducted from 3 to 6 interviews daily, including several small group interviews with customers, members of NGOs, and enterprise employees. The team members randomly interviewed end users of municipal services, with several interviews taking place on the streets and in other public places. In the afternoons and evenings, teams had time to review interview results and lessons learned with the coordinators, and write up interview notes or memos.

At the end of week 3, the afternoon of Thursday, October 29 and the morning and early afternoon of Friday, October 30, all three city teams met in Ivano-Frankivsk to review interview findings and results as the total Participatory Evaluation Team. The interest groups reviewed their progress and prepared brief reports that were presented to the whole Evaluation Team. Selected members presented brief descriptions of the visited cities. Plans regarding interview methods and procedures were revised and the need for additional information or informants was determined. Travel schedules for the second week of field interviews were set. Week 4 was devoted to interviews and other information collection activities in the final three cities in the eastern part of the country: Sumy, Kirovohrad, and Kryvyi Rih, followed by the final workshop in Kyiv.

2.6 Phase IV: Final workshop and reports

At the end of week 4, all groups met in Kyiv for the Evaluation Findings and Recommendations Workshop. USAID staff and key stakeholder officials were invited to attend the final presentation of findings and recommendations on Friday afternoon. On Thursday, the three sector groups selected the presenters, reviewed their findings, and prepared fifteen minute presentations. The groups worked through the lunch period to prepare these presentations. In the afternoon, these presentations were made before the whole group and were critiqued.

On Friday morning, the groups were assigned the task of developing a number of specific program-oriented recommendations and a ten minute presentation on recommendations. Following an internal presentation and critique of these recommendations, the groups separated to prepare for the afternoon presentations.

The presentations of the three groups of their findings and recommendations were conducted in the afternoon of Friday, November 5. In the audience were six persons representing USAID; AUC; the State Committee for Construction, Architecture and Housing Policy; and several vodokanal and transport companies. The text of these presentations is included in full in Annex A.

3 Activities, results, and impacts: Transportation

3.1 Introduction

The Urban Public Transportation Improvement (UPTI) project was authorized with Contract Number 121-0007-C-00-7204-00 between USAID and RTI on September 10, 1997. The contract ended fifteen months later on December 15, 1998. The UPTI project was designed to arrest the deterioration in the provision of public transportation in Ukrainian cities, where 80-90 percent of the population regularly use and often depend on these services. The workplan noted the following problems:

“Electric trolley buses are the major form of urban transport in mid-size cities. The operating fleets are typically at 50 to 60 percent of pre-independence levels and fares have increase[d] by a factor of more than 16 in real terms in the 18 month period ending July 97. The result is severe overcrowding, long waits, service breakdowns, restricted service, poor fare collection, public anger and loss of confidence in government and in reforms associated with independence. In public opinion surveys, transportation is first or second in public services found least satisfactory.”

Working in nine cities,³ the project response focused on providing (1) matching grants of \$100,000 each⁴ for a total of \$1 million, to be fully matched by contributions from the cities, for purchase of spare parts and equipment, and (2) technical assistance in planning, financing, and operating municipal transportation systems. The total budget for the activity was \$2.2 million in USAID funds, plus contributions from the cities.⁵

The project had four objectives:

- (1) Achieve significant and visible restoration of bus capacity and service levels (although not necessarily to pre-independence levels);
- (2) reduce operating costs;
- (3) increase revenue from fares; and
- (4) develop plans for capital financing and creating mixed motorized/electric systems.

In relationship to USAID's applicable Strategic Objective 2.3 — more effective, responsive and accountable local government — this project addressed the following goals: improved management; improved service delivery; improved financial planning; and increased citizen participation.

³ Nine cities participated in the project: Rivne, Lviv, Chernivtsi, Ivano-Frankivsk, Kryvyi Rih, Zhytomyr, Sumy, Kirovohrad and Mariupol

⁴ \$200,000 for Lviv.

⁵ As discussed further below, most cities did not reach the full level of counterpart contribution, although some actually exceeded the commitments under the Memorandum of Understanding.

3.2 Procurement of spare parts and equipment

The provision of spare parts and equipment under the project aimed for quick and visible results, addressing the worst symptoms of structural deficiencies in public transportation in Ukraine, and buying some time to restructure the enterprises and put them on a sound footing for continuing services in the future. The trolleybus fleets generally have reached the end of their economic life, and are a step (or a turn of the wheel) away from the end of their physical life. In that sense, the spare parts program sought to provide some "stop gap help." With matching funds from the cities, each enterprise was to receive a total of \$200,000 (\$400,000 in Lviv). However, several of the cities did not meet their obligation under the Memorandum of Understanding governing participation in the project to match the grant.⁶

The project used an open tender for the procurement of spare parts and other equipment, part of an effort to promote competitive procurement as an innovative and efficient mechanism. The evaluation team did not find any strong indications that either the cities or the enterprises had subsequently embraced competitive procurement as the most advantageous approach, or thought that it had resulted in lower prices. In fact, at least one enterprise complained that the procurement process had resulted in higher prices.⁷

For the spare parts tender, the transportation enterprises prepared their own lists of what was needed. The project held two public tenders, one in Ternopil for western cities (which required primarily Czech-made spare parts), and one in Zhytomyr for cities in the eastern part of the country (Ukrainian/Russian manufacture). Announcements in local and national newspaper invited bids from any firm. The selection committee comprised RTI consultants and directors of the participating transportation enterprises.⁸ It evaluated the bids according to quality, quantity and price criteria. Since the winning bidder was to provide all spare parts, there were some tradeoffs in terms of prices for different types of parts.

All cities reported that the provision of spare parts raised the number of trolleybuses available for service, thereby allowing for some improvement in service levels. Even so, the evidence for the life of the project shows modest achievements in terms of the objective of a "significant and visible restoration of capacity and service ..." The average (weighted) baseline (March 1997) availability ratio for all nine participating cities was 69.1 percent, according to the statistics provided in RTI's final report. In September 1998, the ratio had increased to 71.0 percent, an increase by 1.9 percentage points. Moreover, the gains in the availability ratio had been achieved by March 1998, when the UPTI project had been active for only three months. Between March and September 1998, the (weighted) average availability ratio actually fell by half a percentage point. The number of buses in service in the trolleybus companies increased

⁶ Rivne and Kirovohrad were among the cities that failed to deliver the full amount. Kryvyi Rih reportedly contributed substantially more. Chernivtsi also contributed through a loan guarantee for the purchase of minibuses. Generally, there appeared to be no systematic tracking and reporting of city matching contributions.

⁷ The transportation enterprise in Kryvyi Rih (which had not actively participated in the selection process) reportedly felt that the as a result of tender prices for spare parts bought under the Project exceeded usual prices and engines were especially expensive

⁸ Two cities in center/east — Kirovohrad and Kryvyi Rih — did not participate actively in the selection process.

from a total of 835 (March 1997) to 912 (September 1998); however, most of the increase (60 buses) had occurred between March 1997 and March 1998.

Of course, actual gains are not necessarily a proper measure of impact. It is entirely conceivable that the contributions of the project prevented further deterioration in availability and therefore service levels. In fact, the statistical evidence of changes in the availability during the project is at odds with the impressions we gained through our interviews. Virtually all respondents cited appreciable results in the availability ratio and associated service levels. Moreover, data collected during the life of the project may not capture the full impact; for example, in the eastern cities, spare parts were delivered toward the end of the project, and any impacts would therefore not have shown up until later. Even so, the changes in service levels for the trolleybuses were less dramatic than changes that resulted from any restructuring of enterprises, the introduction of minibuses, and the expansion of privately operated public transportation services.⁹

3.3 Enterprise restructuring

The second component of the UPTI project addressed the urgent need for restructuring of the public transportation enterprises, to reduce operating costs, increase revenues, and develop and implement a long-term capital development program. The project carried out a detailed financial and management appraisal of the pre-project performance of each enterprise. The summary of the findings of these appraisals, presented at a workshop for managers of all participating transportation enterprises in May 1998, painted a challenging picture:

- Subsidies are declining and will continue to do so.
- Fare revenue is low because of non-payment by fare exempt riders and cheaters.
- Competition is increasing for fare paying passengers.
- With no new buses, the aging fleets are increasing costs and decreasing service.
- Expenses must be reduced greatly if the trolley bus enterprises are to survive.
- Some enterprises have found innovative ways to increase revenues, control costs, and restructure their fleets.
- Expenses can *be sufficiently reduced only* if old electric buses are replaced with new diesel ones.
- Strong financial management is needed to control expenses, monitor receipts and manage cash.
- Enterprises can cover costs and make profits without subsidies.
- Enterprises can learn from the successes others have had in solving these problems.

⁹ That holds even stronger for the future: even with new parts, the life expectancy of the existing trolleybus fleet is finite.

- Directors and other managers need to get better financial information *through good management information systems such as those identified and developed during the USAID projects.* (Emphasis in the original)

Based on these findings and the detailed appraisal of each participating enterprise, the contractor prepared targeted business development plans. The recommendations of the project consultants for the trolleybus transportation companies followed a common pattern, adapted to local conditions as appropriate. Typically, the recommendations included:

- Raise fares to eliminate losses and ensure financial viability;
- control administrative and general expenditures;
- improve financial reporting and accounting systems to provide managers with reliable information for decision making;
- develop and implement a long-term development plan for the enterprise;
- construct kiosks at existing bus stops and use them, or allow them to be used, commercially;
- establish maintenance operations as a separate cost center, with a view to spinning it off as a separate company later;
- Leave full control over operation of vehicles on routes and coordination of traffic schedules with city authorities;
- develop a system of control and performance evaluation by route; and
- restructure the fleet to shift increasingly to minibuses or medium-size buses.

Enterprises managers at different levels participated in workshops and training programs, with some of them taking place under the predecessor project. These workshops and training programs achieved appreciable results. The phrase most often heard was that they "changed our vision." Virtually all of the participating managers found the experience and accomplishments in Ternopil as a demonstration site of considerable interest for their own operations. By participating in the financial and management appraisal under the project, officials of the enterprises acquired new tools of analysis and management.

However, enterprises typically did not embrace the project recommendations wholesale. Many of the recommendations with respect to restructuring, improvements in management structures and information systems, and in moving toward more commercial operations have yet to be implemented. In many instances, managers seemed to find it difficult to envision a broader definition of their "business," to include, for example, joint commercial activities at bus stops.¹⁰

As a result, the responses of the cities and enterprises varied considerably, producing different outcomes. Some of the enterprises made little effort to control costs, while others succeeded in containing general and administrative expenditures and reducing their share in total expenses. For example, Kirovohrad developed a sophisticated system (developed in-house, using SQL on the project-funded computers) to assign driver-conductor teams to routes and shifts.

¹⁰ Annex H presents a detailed set of observations on specific project recommendations and their implementation for three of the cities visited.

Combining the information on actual vehicle movements with information on fare collection allows the enterprise to adjust the fare collection quotas, which determine bonuses and therefore the salary of conductors and drivers, on a continuous basis. Similarly, some cities moved aggressively to restructure by adding (mini)buses to their fleets, while others remain focused on trolleybus operations. With respect to fares, it proved possible for some transportation companies to raise fares, in spite of a purported national freeze. Local decision makers appear to have considerable discretion in this critical area.

3.4 Raising revenues

All of the enterprises introduced steps to increase fare collection, in particular by placing conductors on the trolleybuses. In some instances, the project aided in pushing for such changes, yet in others they had already occurred before the UPTI team appeared on the scene. The increases in fare revenues between 1996 and 1998 have been dramatic, as illustrated in the table below. Overall, fare revenues almost rose sixfold in real terms. The most impressive gains were registered in Kryvyi Rih, where fare revenues rose by a factor of 44 over the two-year period.

To what extent these gains can be attributed to the project intervention remains a moot point. But the project (as well as efforts under the predecessor MFM project) certainly did reinforce the search for means to raise fare revenues. Since the increase in revenues amounts to 10 times the target for the project, it is probably safe to conclude that the project did indeed achieve and surpass its objective of raising fare revenue by 50 percent.

Exhibit 3-1:
Fare revenues, trolleybus enterprises, 1996 and 1998

(in 1,000 UAH)

	Baseline 1996	Estimated 1998	Percent increase
Chernivtsi #1	699	2,358	237.3%
Chernivtsi #2	163	930	470.6%
Ivano-Frankivsk	378	2,287	505.0%
Kirovohrad	644	2,719	322.2%
Kryvyi Rih	114	4,991	4278.1%
Lviv	840	2,465	193.5%
Mariupol	928	5,060	445.3%
Rivne	466	2,076	345.5%
Sumy	732	7,441	916.5%
Zhytomyr	826	3,998	384.0%
Total	5,790	34,325	492.8%

Source: RTI Final report; 1998 estimated on the basis of data for four months, adjusted for inflation by assuming a quadrupling of the inflation index between 1996 and 1998. The estimated value for 1998 was therefore divided by 4 to obtain a measure of the value of fare revenues in 1996 hryvnas.

25

Dramatic increases in fare revenues are history. While there continues to be some potential for further gains, for example by continuing to combat cheating, they are likely to be small. Given a widespread perception that fares are in fact frozen at the July 1998 level, and that the privileges of "free riders" are untouchable in view of their political clout, gains in fare revenues can only come from new services or a shift to "premium" services, that is, primarily minibuses services, that can charge a higher fare.¹¹ It also appears, however, that transportation enterprises and city governments have more flexibility on fare increases than is often believed.¹²

Beyond that, increases in total enterprise revenue would have to tap non-traditional sources. The RTI/DGI business plans typically included some specific ideas about alternative revenue sources, such as the redesign of bus stops to include kiosks to allow for other commercial uses. Managers of public transportation companies have not systematically pursued such options, although there are exceptions. For example, the trolleybus company in Kryvyi Rih is in fact obtaining a steady revenue flow from parking fees. Most of the companies are receiving some revenue from carrying advertisements on their vehicles. In Rivne, the company also derives income from leasing out certain premises. But aggressive exploration of non-traditional sources of revenue is often hampered by old-style thinking; for example, one manager told us that the use of a kiosk as a bus shelter would be limited to such items as lottery tickets, implying that it would be the public sector company, rather than a private concessionaire, who would engage in any commercial operations.

3.5 Subsidies and "privileges"

Generally, operating subsidies from the cities have declined, and many enterprises experience consistent cash flow shortfalls which they cover by "borrowing" from involuntary lenders by not paying their suppliers of inputs — their own employees, the electricity company, etc. Salary and other arrears are the norm, although some of the companies have made considerable progress in reducing or eliminating salary arrears.

One problem some companies have encountered is that the cities view improvements in operating performance as opportunities to lower subsidies. This practice of course weakens incentives for cost control and revenue enhancement. Moreover, the public transportation companies may pay taxes that exceed the amount they receive back in subsidies.¹³ Even so, the (unweighted) average ratio of subsidies to fare revenues for *all* Ukrainian public transportation providers is 39 percent.

An area of considerable concern are the exemptions for various population groups from the obligation to pay fares. In Kirovohrad, the trolleybus company estimates that it serves 1.61

¹¹ A recent survey suggests that of people who ride minibuses, fully 65 percent would continue to do so if the fare is raised to 1 hryvna. However, 47 percent responded that they would ride it less. See *Kyiv Post/Business*, Nov. 4, 1999, p. 1B.

¹² There is also the possibility of following the example of Kryvyi Rih which just inaugurated a new light-rail transit extension on its own right of way, offering a higher average speed (25 km/h vs. 7-8 km/h for streetcar service) and charges a higher fare. However, the price tag for such service, reportedly \$17 million in the case of Kryvyi Rih, is likely to put that option out of reach for most transportation enterprises.

¹³ The Chief Accountant of Chernivtsi Company #1 presented figures to that effect.

non-paying passengers for each one paying the fare.¹⁴ In Rivne, a recent passenger survey confirmed the figure used in planning of 1.04 exempt passengers for each paying customer. In principle, these privileges should be offset by payments from the level of government responsible for each category to the transportation company (or other communal services provider, since the practice extends to water, heat, electricity, etc.). Such payments have not been forthcoming.

The project recommended steps to "rationalize and reduce the number of fare-exempt categories." While there have been some attempts to move in that direction, the "exempt" groups wield considerable political power and have aggressively resisted any measure that they saw as curbing their claims. The most obvious step would of course be to have the responsible authorities purchase tickets or passes from the transportation companies, possibly at some discount during a transition phase, and distribute these to their charges. The transportation company then would allow rides only for those with such tickets or passes. Apparently some attempts in that direction met with stiff resistance and had to be abandoned.

One response to this dilemma has been to deny fare exemptions on minibuses. This approach seems to work in some cities, such as Ivano-Frankivsk, but not in others. In Chernivtsi, for example, minibuses are required to permit up to three "exempt" passengers, not a trivial number in a bus seating 14.¹⁵ Thus, transport companies (as well as other communal enterprises) continue to struggle with the burden of providing subsidies on behalf of the authorities granting the privileges, typically without any direct compensation.

A few cities have sought to provide some *capital subsidies* to their public transportation companies, partly in the context of the UPTI project. Under the terms of the Memorandum of Understanding governing the cities' participation in the project, they committed themselves to providing matching funds to the \$100,000 grant from USAID.¹⁶ Ivano-Frankivsk, Kryvyi Rih and Chernivtsi lived up to that commitment; the manager of the transportation enterprise in Kryvyi Rih reported that the matching contribution from the city exceeded the equivalent of \$150,000. In other cities, such as Rivne and Kirovohrad, the funds were not forthcoming.¹⁷

In Ivano-Frankivsk, the city authorities allocated additional funds for the purchase of five trolleybuses. In Chernivtsi, they provided a guarantee for a bank loan to a private enterprise for acquiring ten minibuses. While highly welcome, such initiatives seem to be the exception, and are granted on a discretionary basis, rather than as part of some long-term strategy for the development of urban public transportation services.

3.6 Reducing costs and improving efficiency

The analysis conducted by RTI/DGI suggested that operating costs could be sufficiently reduced *only* if old electric buses are replaced with new diesel ones. In other words, as in the case of

¹⁴ The region in central Ukraine is reportedly viewed as a nice environment for retirement, leading to a disproportionate number of pensioners. We have not verified this explanation.

¹⁵ The company sought to offset that ruling by obtaining permission to transport standing passengers. This permission was reportedly denied, ostensibly on safety grounds.

¹⁶ \$200,000 for Lviv.

¹⁷ In Rivne, a change in city government disrupted relations with the project.

raising revenues, lowering operating costs significantly hinges on structural shifts from electric trolleybuses to diesel buses. In effect, the operating costs of running electric trolleybuses are not "compressible;" that is, opportunities for significant savings are limited, since O&M costs are largely given. Any appreciable reductions in operating costs relative to service levels are therefore a function of progress in restructuring, moving from an all-electric trolleybus fleet to one that is relying increasingly on motorized buses of varying sizes. Progress in this direction has been uneven, although some of the transportation enterprises have made real efforts to control costs to the extent possible through better monitoring of key cost items.

While specific improvements were sometimes difficult to trace, there is another indicator of the gains from participation in the project. One — admittedly crude — indicator of effective management is the extent to which revenues cover costs. By that measure, five of the nine project cities are doing well. According to 1999 data for all 45 trolleybus companies operating in Ukraine, six of the top eight companies in terms of the ratio between fare revenue and cost per km have participated in the project or its predecessor (rank in parentheses): Rivne (1), Zhytomyr (2), Sumy (5), Ivano-Frankivsk (6), Ternopil (7), Chernivtsi I (8). The cost recovery percentages for this group of enterprises ranged from 75 percent for Rivne down to 65 percent for Chernivtsi I. The other enterprises fell in the middle and lower part of the spectrum: Mariupol (17), Kirovohrad (20), Chernivtsi II (28), Lviv (33), and Kryvyi Rih (36).¹⁸

Another indicator of improved financial management is the reduction in wage and salary arrears reported for all enterprises.

3.7 Toward a mixed motorized/electric fleet

Progress in restructuring the fleets has been uneven. Some companies have aggressively moved to restructure their operations. For example, Ivano-Frankivsk has raised capacity during peak hours from 75 percent of demand in 1998 to over 100 percent in 1999 by adding minibuses. Others focused on using project and other resources to improve service levels primarily for the electric trolleybuses.

The situation in Chernivtsi illustrates the two ends of the "vision spectrum." Chernivtsi Company #1, which retained most of the trolleybus operations when #2 was spun off,¹⁹ has only hesitatingly experimented with minibuses, acquiring two (Iveco) vehicles, that they have judged unsuitable for Chernivtsi's roads. Company #2 meanwhile, is affiliated with the operator of a fleet of 10 (Peugeot) minibuses, and acquired 10 Russian-built (Gazel) minibuses in November 1998. The manager here repeatedly stressed that his participation in a workshop in Ternopil had been an eye-opener, that they hadn't thought about minibuses as part of their operations until then.²⁰ The company also has obtained certain routes for exploitation through the city's bidding process, and is contracting with private operators.

¹⁸ The cost recover ratio is a crude indicator, since it does not account for differences in the setting for cities. For example, with a ratio of 1.6 free to every paying passenger, Kirovohrad faces a more difficult task. Similarly, differences in road conditions also affect both costs and revenues.

¹⁹ Company # 1 has 101 trolleybuses, Company # 2 has 33.

²⁰ That particular workshop was held in May 1997, that is, it preceded the project proper. But the changed vision and operating approach is clearly a product of RTT's USAID-funded work.

Kirovohrad is pursuing a different approach. The company has acquired five midi-buses, acquired through a loan with municipal property as a collateral, which were just placed in operation. In addition, the company also plans to contract with private operators on selected routes to be "acquired" in an upcoming bid.

One argument that we heard several times in favor of continuing to rely on trolleybuses was that they are "environmentally friendly."²¹ That view may be partly a reflection of the fact that any environmental burden associated with electricity generation may not affect a city directly (although even that is questionable), partly a result of experience with older motorized buses belching diesel fumes and soot. Ensuring continued support for the needed restructuring of the enterprises will require sustained effort to respond to these perceptions and arguments.

The introduction and coordination with minibus or other forms of motorized service may entail significant changes in the schedule of drivers and conductors. Specifically, if minibuses are to provide service during off-peak, trolleybus drivers and conductors may need to go to a split shift. In fact, one of the trolleybus companies cited that as a reason for going slow in shifting to a mixed operation. However, they indicated that they had not discussed this issue with their drivers. In Kirovohrad, which is using split shifts in an attempt to coordinate better with services provided by (private) minibuses, driver/conductor teams reported that they did not see any particular problems with the new schedules, in fact they preferred the flexibility of opting either for a split or a continuous shift.

3.8 Encouraging private sector participation

One of the major recommendations of the project was encouragement of an support for private transit operators. On the face of it, it does not appear that private operators need a lot of encouragement. The privately operated public transportation business seems to be thriving. With the restructuring of public transportation providers and the expansion of private sector participation, employment in the public transportation sector has increased.

However, there is certainly room for improving coordination and cooperation among public and private transit providers. Moreover, current regulations and oversight of private operators are generally considered inadequate.

Since April 1999, all private operators require a license from the city. Cities have of course a strong interest in maintaining an orderly public transportation system, but typically lack the regulatory capabilities to establish and enforce a proper framework. Most of them use a bidding system to assign routes to operators, typically for a limited period, like one year. The exact criteria and modalities vary from city to city, with some cities reserving the more lucrative routes for the public transportation enterprises. As a rule, the bidding does not use a price mechanism. In some instances, such as Chernivtsi #2, the public transportation enterprise has obtained the "concession" for a particular route, and is contracting with private operators to provide the actual services. Kirovohrad is poised to take this idea one step further, to have qualified providers serve as organizers and overseers on selected routes.

²¹ We also heard from one mayor the argument that continued reliance on electric trolleybuses was preferable, since it was not only easier, but even justified, to delay payments to the electricity company. He argued that the electricity company is charging too high a price for "cheap" nuclear power, and therefore "deserves" late or no payment.

4 Activities, results, and impacts: Effective local government

4.1 Introduction

The Effective Local Government (ELG) project was authorized with Cooperative Agreement Number 121-A-00-97-09006-00 between USAID and RTI on September 30, 1997. This Cooperative Agreement ended fourteen months later on November 30, 1998. With a budget of slightly under \$1.5 million, the ELG project provided a range of technical assistance and training to six cities,²² particularly with respect to budget preparation and transparency, and municipal service enterprises, in particular water companies (*vodokanal*s). Three main objectives governed the ELG project:

- (1) Strengthen the Association of Ukrainian Cities (AUC) "as a permanent and institutionalized voice for Ukrainian municipalities," expanding its professional and advocacy capacities, and continue the development of a local government policy agenda;
- (2) Improve overall financial management of six target cities, in particular in "a specific municipal service enterprise" in these cities, including community participation through a consultative process; and
- (3) Involve the broader community in service decision making, in part by disseminating increased information about the service enterprise and ensuring increased stakeholder input in service enterprise's decision making.

With respect to USAID's Strategic Objective 2.3, the project was to contribute by increasing or improving local authority, financial and general management, legal reform, citizen participation, strategic planning, information regarding government operations, access to decision making fora, and greater transparency of government operations.

4.2 Water supply

Focusing on water supply as a priority concern for many citizens, the ELG project addressed improvements in water supply as a "targeted municipal service" in three cities:²³

- *Chernivtsi*: The project worked with the city for a period of approximately six months to establish a consultative process involving the public in determining key issues in water supply and developing means to resolve them. The process was regarded as a model effort, labeled the Citizen

²² Sumy, Kirovohrad, Ivano-Frankivsk, Rivne, Chernivtsi, and Izum; all but Izum also participated in the UPTI project ().

²³ The goal of ELG Task 2 was to "improve overall financial management of 6 target cities and a specific municipal service enterprise in 6 cities." The associated results cited in the Work Plan were: (1) improved service level in on[e] targeted municipal service in 2 cities using the CPO [Consumer Participatory Outreach] model. (2) Improved citizen satisfaction with targeted municipal service in 2 cities using the CPO model. (3) Pricing system for targeted municipal service in place in at least 3 targeted cities. Originally, the Cooperative Agreement with RTI had also included the somewhat ambitious goals of launching the development of a national model pricing system, and the adoption of long-term capital improvement plans and debt management plans in all 6 project cities.

Participation Model (CPM).²⁴ The project also introduced the Water Enterprise Financial Analysis Model (FAM) to the water and wastewater service company (*vodokanal*).

- *Sumy*: For a period of four months, the project worked with the city to involve consumers in assessing problems and developing responses to the problems. In addition, the project introduced the Water Enterprise FAM as a management tool to the *vodokanal* company.
- *Kirovohrad*: Project activities in Kirovohrad were limited to the introduction of the Water Enterprise FAM to the *vodokanal*, a task that was completed in about six weeks.

4.2.1 Consumer participation

The project activities related to the involvement of consumers in service planning and pricing in Chernivtsi have been described in some detail in a case study produced by RTI. The project intervention in Sumy involved similar elements:

- creation of Advisory Committees on water supply issues, comprising representatives of city executive committees, *vodokanal*, and non-governmental organizations (environmental, consumer protection, educational);
- regular meetings of the Advisory Committees to plan and discuss project implementation;
- stakeholder analysis, including any group concerned with water supply problems;
- interviews and discussions with focus groups (relatively homogeneous social groups with common interests regarding water supply) on the status and problems of water supply;
- a survey of citizens in areas determined by the Advisory Committees with an approximate sample size of 1,500, using a questionnaire based on the results and findings of the focus group interviews; and
- coverage of the implementation of the project in the local mass media.

Participants and advisers presented the results of this consultative process in public hearings on issues of water supply, attended by the leadership of the cities, the *vodokanal* companies, public organizations, medical personnel, and the general public. The presentations at these public hearings also included information on the economic and financial situation of the *vodokanal* companies in the form of charts and diagrams.

4.2.2 Financial analysis and enterprise management

Efforts to introduce the enterprise-specific Financial Analysis Model (FAM) complemented the community outreach efforts in Chernivtsi and Sumy, and constituted the core of the work with the *vodokanal* enterprise in Kirovohrad. The specific activities under this component of the ELG project included:

- Collection and analysis of information on production and financial performance of the enterprises over the last three years;

²⁴ While the content remained the same, the name applied to the model varied. It was also referred to as the Citizen Involvement Model or, early on, as the Consumer Participatory Outreach Model. The discussion here refers to it as the Citizen Participation Model (CPM).

- development of the enterprise-level FAM — an Excel spreadsheet program to organize financial and economic information for the enterprise, conduct analyses, present results, and assist in planning and forecasting economic activities of communal enterprises;
- development and installation of programs to calculate tariffs for water supply and sewage services (in Chernivtsi and Sumy);
- training of representative of the economic analysis and planning department of the vodokanal companies in the use of the enterprise-specific FAM and tariff calculation (two persons in each city);
- provision of computers to the economic analysis and planning departments of the enterprises to enable them to use the enterprise-specific FAM and tariff calculation programs; and
- presentation of the FAM and its findings for vodokanal companies, Advisory Committees, representatives of city executive committees and council members.

The project also included a study tour for *vodokanal* company managers to Poland to familiarize them with the transition experiences of similar enterprises in a neighboring country.

4.2.3 Results and impacts

The project succeeded in both Chernivtsi and Sumy in organizing and implementing an effective consultative process bringing together the municipal government, the *vodokanal* company, and its customers. As a result of these efforts, the climate between company and customers changed fundamentally. While NGOs in Chernivtsi had earlier designated the vodokanal company “Public Enemy No. 1,” opening the channels of communication through the public hearings and other means made it clear that both the company and its customers were interested in the same thing, improving the service. The managers of the *vodokanal* companies and city leaders view their first experience with public involvement in discussing problems and drawing up plans as a positive step. In Chernivtsi, largely as a result of the experience with this consultative process, the city’s executive committee now pays more attention to informing citizens on all important issues through mass media and other channels; however, there have been no public hearings since the end of the project.

On the company side, the consultative process helped illustrate the urgency of the problem for the citizens. In Chernivtsi, water had been supplied on a limited schedule — three hours in the morning and three hours in the afternoon, encouraging residents to store water, whether they used it or not. Water quality was poor. Understanding the depth of the dissatisfaction encouraged the *vodokanal* company and the city to mobilize funds move forward with the construction of a second pipeline to supply water to the city.²⁵ The company also took action to implement a program of preventive filter maintenance and to shift to a more effective reagent for water purification. As a result, service levels improved significantly; the city is now getting water throughout the day, and water quality reportedly has improved markedly. The evaluation team found a consensus that water supply is no longer the priority problem it was in 1997.

²⁵ The city of Chernivtsi had also been working with support from the European Union’s TACIS project to develop a comprehensive strategic plan for the water company. This plan was being completed when the ELG project became active in organizing and implementing the consultative process. While the construction of the second pipeline was included in the strategic plan, the consultative process helped drive home the urgency of this construction and helping in moving the project forward. It is therefore fair to give some credit for any service improvements to the intervention of the ELG project.

In Sumy, representatives of public organizations also noted some improvements in service levels. The water supply schedule improved, and service disruptions declined, largely a result of a program of repair and maintenance of water distribution pumps in response to the results of the consultative process. The *vodokanal* managers indicated that they had been interested for some time in assessing the views of the public regarding the company's work. The project provided an opportunity to gain an understanding of the opinion of customers, and to respond accordingly. As a result, the representative of a public organization commented: "Although *vodokanal* managers are not always able to help, they treat citizens with respect and listen to their opinions."

While there have been no formal public hearings since the project ended, both the Chernivtsi and Sumy *vodokanal* companies have taken steps to improve communications with customers on a continuing basis. In Chernivtsi, the company placed its customer service facility in the very center of the city for more convenient access, and is currently completing work on a questionnaire designed to obtain feedback and recommendations from their customers. In Sumy, company staffers are encouraged to maintain contacts with customers; they have been working on improving the contract forms for water supply and wastewater service delivery.

In both Sumy and Chernivtsi, the consultative process launched under the project reportedly has improved relations between the city government and the *vodokanal* companies. In Chernivtsi, for example, the city allowed the company to direct one-half of the land tax due to the completion of the second pipeline, and to compensate the company for exemptions by certain population groups. The mayor also organized a visit for the city's executive committee's employees and city council members to *vodokanal* facilities. Similarly, Sumy's *vodokanal* company organized several visits for city council members to the enterprise.

Finally, the consultative process also affected consumers in three areas. First, their attitude toward the water company changed, perhaps best illustrated by the anecdote a respondent in Chernivtsi relayed to us about residents treating emergency repair teams working in cold weather to hot tea and rolls. Second, citizens not only expressed an understanding for the need to pay for services received, but *vodokanal* companies also reported better payment morale. Even so, employees who don't get paid often are in no mood to pay for services they receive, no matter how much they appreciate the position of the enterprise. Third, consumers have begun to understand the importance of conserving water, resulting in lower water consumption and associated losses.²⁶ In Sumy, a public organization tried to hold hearings on the issue of public transportation along the lines of the model used for water.

The results and impacts of the introduction of the enterprise-specific FAM are less clear-cut. The use of the model probably helped in presenting the economic and financial position of the enterprise in the consultative process. The analysis process may have contributed to sensitizing managers to the impact of various expenditure categories on financial performance. However, the *vodokanal* company director in Kirovohrad did not indicate any particular benefits or gains associated with the introduction of the model. The staff of the company had participated little in the application of the enterprise-specific FAM and the analysis and presentation, and felt that it basically just confirmed what they already knew.

²⁶ We understand that the shift toward a more continuous supply actually reduces relative losses due to leakage by maintaining constant pressure.

In the case of Chernivtsi, the provision of computers and software, along with the training received, made it easier for staff to conduct calculations and analysis of production and financial indices of the enterprise, as well as to calculate tariffs. In Kirovohrad, the model calculations apparently supported the *vodokanal's* argument for a hefty (150 percent) tariff increase, rejected by the city council. At the same time, an official in the city's financial department used the Water Enterprise FAM to conduct his own assessment of the financial situation of the water company, and demonstrated to the management of the company that progress toward financial health was possible even without increases in tariffs. None of the three *vodokanal* companies had adopted capital investment planning or acquired much in the way of debt management capabilities.

All managers of *vodokanal* companies who participated in the study tour to Poland adopted some of measures they saw there, in particular with respect to improving the work of their customer relations departments. One of the manager also cited the exposure to private sector participation in water supply services in Poland as an eye-opener, although city officials maintained that provisions existed to bar private sector participation in the water sector.

4.2.4 Conclusions

The actual performance of the project fell short of the ambitious objectives of improving financial management in a targeted communal service in all six cities, in particular the introduction of capital investment planning and a cost-recovery pricing system. Only two of the six cities achieved appreciable progress in this direction. The project had a significant effect in terms of demonstrating the value of a consultative process between municipal government and consumers of municipal services in two cities, but follow-up activities since the project ended have been less intensive. The project may have contributed to improved service levels by accelerating needed investments and helping to mobilize the needed funds. According to representatives of non-governmental organizations that had been involved in the early phases of the consultative process, when dissatisfaction with water services ran high, the project intervention contributed to increased citizen satisfaction with the service.

Project accomplishments in terms of the adoption of financial analysis methods have been disappointing. None of the participating enterprises has undertaken any real capital investment planning, or has engaged in developing debt managing capabilities. The application of a pricing system reflecting the true cost of the municipal service remains on the agenda. Political pressures are keeping tariffs below the actual cost of services. Water companies are obliged to provide services to "exempt" customers without compensation, and many customers still fail to pay their bills. In addition, industrial customers often resort to barter arrangements to pay their own bills. The cash flow of the enterprise therefore is inadequate to meet its obligations, resulting in arrears on salaries and other payables, and often requiring barter arrangements — paying employees in salad oil, sugar, flour, or even furniture. Such conditions make it difficult to implement rational financial management, even if the capability is there.

4.3 Municipal finance management

The Law on Local Self-Government of 1997 defines the legal framework for local government, in effect opening structures that previously existed to democratic elections, and assigned expanded responsibilities and authorities to local government. In practice, however, there is substantial uncertainty at the local level about the extent of local government responsibilities and powers. While the law may be clear in many respects, in practice there are marked differences from city to city. The

budgetary process, from the local government perspective, continues to change, with the central government retaining a strong measure of control.

In seeking to support efforts toward more rational approaches to budgeting and financial management at the municipal level, the ELG project sought to enhance capabilities in budget analysis and presentation. The diagnostic had identified the lack of reliable, computerized financial information systems as a major obstacle to improving the cities' budgeting process and financial management generally. Centerpiece to the support under the project was therefore the Budgetary Financial Analysis Model (FAM). The FAM addressed two related functions: (1) budget preparation, and (2) budget presentation. The Budgetary FAM organizes and automates the components of developing and presenting the tables and graphics of annual operating budgets of Ukrainian cities.

The Budgetary FAM had been in development since 1996 under predecessor projects, and had been presented to selected cities in 1997. Through the tryouts and a series of workshops, the Budgetary FAM was further refined. Some cities, Chernivtsi in particular, actually adopted use of the FAM before the ELG project started.²⁷ According to project documents, RTI advisers developed the Capital Improvement Programming (CIP) FAM links budgeting planning functions for both operating and capital budgets under the ELG project. The CIP FAM was designed to complement the Budgetary FAM, with the Capital Improvement Program as a multi year plan, usually five to six years, that identifies capital projects to be funded during the period. However, the evaluation found that none of the municipal civil servants, including financial officers, or city council members interviewed in Chernivtsi, Ivano-Frankivsk, Kirovohrad, Sumy, or Rivne had heard about or seen the CIP component of the FAM, nor had received training in its use.

Of the five cities participating in the ELG project visited, only two — Chernivtsi and Ivano-Frankivsk — had worked more or less with the Budgetary Financial Analysis Model (FAM) in budget preparation and presentation. Rivne reported that it had never received the Budgetary FAM, and had therefore not used it at all.²⁸ Kirovohrad and Sumy had experimented with the FAM in budget preparation and negotiations, but had not incorporated it into their on-going budget preparation and analysis process. As far as we were able to determine, none of the cities used the CIP FAM, even though cities and communal enterprises clearly undertake investments that cover several years.

In the cities that used it, the FAM was perceived to be useful in budget development, presentation and debate. The Deputy Mayor of Sumy expressed the strong interest to use the Budgetary FAM after its modernization in the city's budget preparation and presentation. Only Chernivtsi's municipal finance department used the FAM, but only once for the 1999 budget, to produce a handout on the city's budget for public/city Council members distribution. In all other visited cities this feature of the FAM was not used by cities financial officers.

Even so, users reported some problems with the "static" nature of FAM which did not keep up with changes in the applicable legislation and regulations. City officials cited a lack of trained personnel who can use the FAM; the evaluation teams concluded that the number of people trained was much less than was reported by RTI. Similarly, they found a "lack of timely support from the designers of the

²⁷ The Deputy Director of Chernivtsi's Financial Office, Domnika Vorotnyak (a member of our evaluation team), presented the budget of the city of Chernivtsi for 1997 using the Budgetary FAM to a workshop in Sumy in September 1997.

²⁸ In March 1998 the former communists took power in Rivne and after this point RTI completed delivery of equipment but no longer had access to the city council for technical assistance in finance modeling.

FAM on what to do in the particular situations and how to update the model.” Users were apparently unable to update the model themselves, and were looking for ways to keep it current. This problem had been recognized early on in the project. In fact, the case study of the use of the Budgetary FAM in Chernivtsi prepared under the project noted:

... frequent changes of budget classifications require changes to the FAM by the developer as the users frequently do not dedicate the time or have the skills to reprogram the worksheets and trace interconnections. (Case Study, p. 4)²⁹

City administrators also found that the use of the FAM could not be fully automated because of a lack of correlation between some tables and economic indicators.

As a rule, the transparency of city budgets has improved, but formal citizen participation generally remained limited. The exception is Ivano-Frankivsk, where the city has structured a process of active citizen participation in the development of the budget.

City financial officers in Chernivtsi conducted several training sessions for the City Council members on the city budget and budgeting process, and compared it to the US municipalities' experience and practice. This was well received by deputies.

The evaluation teams found that computers with the Budgetary FAM (one for each city) had been received in Chernivtsi, Ivano-Frankivsk and Sumy. Kirovohrad's financial department did not receive a computer, but was provided with the FAM. Rivne Municipality was given 6 computers (according to other local employees, up to 10 computers), but did not receive the FAM. However, the team was unable to obtain reliable information from the Rivne City Council regarding the provenance or cost of those computers. Rivne municipal staff complained about the capabilities of the IT equipment that was provided. Similarly, the team was unable to determine definitively how many computers were given to the city of Sumy, but in comparison to Rivne, Sumy local staff was open to share the information on all computers provided to the City Council. By the end of the participatory evaluation we did not get answers to these questions from the contractor (RTI.)

The external constraints cited above, in particular the continued adherence to principles of top-down budget allocations, and the slow progress in allowing cities to keep and program an increasing portion of their revenues, have impeded progress toward more rational budget management at the municipal level. Budget analysis and development are in part shaped by the need to negotiate with the Oblast; negotiating tactics sometimes militate against total transparency and openness in the budget analysis and presentation.

While the cities have been devoting more time and attention to the budget preparation process, it does not always receive the highest priority as city administrations are battling current crises. Partly as a result of this tendency, city administrations sometimes feel at the mercy of outside forces with respect to whatever budgetary resources they do obtain.

At the same time, we found that cities may complicate their task by being less than aggressive in pursuing innovative options for meeting the needs of their citizens, to replace direct city management. Consideration of opportunities for private sector participation in the provision of communal, medical,

²⁹ This problem is common to “semi” turnkey software that lack the comprehensiveness and flexibility of commercial software, yet are designed to be largely transparent to the user. We have not had the opportunity to study the FAM in any detail, but are somewhat surprised to learn that an Excel-based application lacks the flexibility to enable users to accommodate changes quickly and easily.

educational, cultural services appears to be inadequate. City governments remain involved in activities that are not necessarily central to their mission. This tendency contributes to a situation in which the reach and responsibilities of municipal governments exceed their resources and capabilities.

4.4 The Association of Ukrainian Cities

The ELG project contributed to enhanced capacity and performance of the AUC in communications and advocacy. The training and technical assistance provided under the project strengthened AUC's role as a policy advocate on behalf of the country's municipalities. RTI advisers worked closely with AUC officials in lobbying for appropriate provisions in national legislation. As a result, the AUC contributed directly and significantly to the 1999 and 2000 budget discussions with government officials and the Verkhovna Rada Budget Committee. The process of budget development and its by the Ukrainian parliament is still emerging, complicating the role of lobbying efforts such as the one undertaken by the AUC. As a result, there have been setbacks, such as the final 1999 budget that finally did not include several provisions that the AUC had managed to negotiate with the Rada Committee. Even so, city officials perceive AUC as their advocate at the national level. A comment from a mayor of one of the cities visited perhaps best sums up the attitude we encountered: "AUC is the only organization at the national level that stands up for municipal government and defends our interests." It is of course difficult to isolate the effects of the ELG project on these achievements. Even so, AUC officials credit project support as a major factor.

The AUC's capabilities in consultancy and training reportedly improved as a result of the project support. The project developed a comprehensive training strategy for the Association, and provided training to AUC officials in accordance with that strategy. According to AUC officials and staff, this training has benefited the individuals and the organization.

According to one source, the AUC's role as a broker for expert advice among municipalities is effective. One expert listed in the AUC directory (a member of the evaluation team) reported that she received many phone calls for advice and assistance on issues related to budgeting. The AUC has been publishing a bi-monthly journal, and is also communicating through a web site. It continues to communicate with its members through workshops and conferences. The project provided support and advice to all of these outreach activities. It is obviously impossible to demonstrate to what extent this recognition can be attributed to the support received by the project, which was, after all, part of a continuing assistance effort. Yet project-related activities, such as lobbying efforts, workshops and communications, have certainly further reinforced the visibility and credibility of the Association.

In most cities, with the notable exception of Rivne, we found active participation in the AUC, although the intensity of involvement varied. In Chernivtsi, Ivano-Frankivsk and Sumy, AUC had established a regional presence, and a regional branch of the AUC was in the process of registration in Kirovohrad, with the active support of the local authorities.

In the field, we found considerable respect for the role of the AUC. City officials we interviewed indicated general satisfaction with the activities of the AUC, and its efforts to encourage member-to-member communications also reach into the operating levels. The AUC appears to be on the right path in representing the interests of the municipalities at the national level, in improving AUC-to-member communications as well as member-to-member communications. While some cities are clearly more engaged in AUC than others, we found virtually no criticism of the Association, again with the notable exception of Rivne.

5 Recommendations

5.1 Recommendations by participant-evaluators

Based on the information they collected and their interpretation of the situation of Ukrainian cities and their municipal enterprises, the three sector groups (transport, water, and municipal finance/AUC) participant-evaluators formulated a series of recommendations process. Their recommendations directly relate to the issues and problems they see as facing community services and local governments in Ukraine. In the Findings and Recommendations Workshop, the participant-evaluators discussed among them issues and developed some consensus on recommendations related to their subject areas, and presented these to the attendees. All of the participant-evaluators are presumed to share ownership of these recommendations and to be able to formulate their individual and organizational follow-up actions, irrespective of potential donor support for local government programming

While the full text of the participant-evaluators' recommendations is presented in Annex A, this section includes a summary. The Abt Associates/MetaMetrics evaluation coordinators used these recommendations and ideas presented by the participant-evaluators as inputs into specific programmatic suggestions regarding strategies and directions for future USAID municipal development efforts in Ukraine.

5.1.1 National and regional level

In view of the continuing uncertainty about local government responsibilities and authorities, the participant-evaluators recommend that attention be given to reforms of existing laws and regulations to clarify the role and responsibilities of local government and the relationship of local government to the oblast and the central government. The team also concluded that standard and clear procedures should be developed to govern the budget process.

Specifically, the team recommended that the allocation of funds from the center to the cities be based on a per capita or on some politically acceptable formula and standardized basis that takes into account factors such as industrial, regional, and economic differences. If the current allocation process involves such standardized criteria, better information on any underlying rules would help local government officials in budget development. There should also be an effort to improve coordination between city and oblast budgets and an effort to provide information on the allocation practice at that level. The team felt that these two areas of concern, legal framework and budget, will require additional assessment and analysis in order to develop detailed strategies to effect change that will make a difference at the local government level.

5.1.2 City level

To increase resources to local government, the participant-evaluators recommended that the legal basis for cities to generate revenues through taxation of individuals and enterprises be clarified.³⁰ Other levels of government should reimburse cities for services provided for privileged categories. At the same time,

³⁰ The ELG/AUC Group of the Participatory Evaluation Team specifically recommends that cities have the right to retain 100% of revenues from the individual income tax and the tax on profits of enterprises located on their territories.

cities should "offload" or privatize services, especially those that can be operated more efficiently in the private sector.

The evaluations team recommended that training for city financial officers be continued and expanded to include other officials such as city council members who participate on budget committees and other related committees. To facilitate outreach to the community and citizen participation, cities should establish a city council "club" of the type operating in some municipalities to support meetings of council members with city officials, business persons, NGOs, and the public to discuss priority issues and problems.

The team recommended further computerization of city and oblast financial departments along with improvement of management information systems at their level and at the municipal and oblast administration level as well. The budgetary FAM should be modified to incorporate changes in legislation, regulations, and classification, and allow for easier updates. The development of standards, as conducted under ELG Program, should be continued for allocating city budget expenditures by different municipal sectors of economy such as education, health, culture, environment, water supply, and sewage. Creation of a municipal automatic computerized system for collecting payments for communal services and for subsidies to the low-income residents is also recommended by the participatory evaluation team.

5.1.3 Enterprise

To support the provision of quality services by community enterprises, the Evaluation Team reaffirms the recent general direction of USAID programming in local government development. The following recommendations support good management practices and address the expressed community services issues and concerns:

- Development of a mechanism for establishing municipal joint-stock transportation companies
- Rates for services that correspond with real costs
- Flexible employment arrangements, personal subsidies and reconstruction of transport infrastructure
- Investments in capital: vehicles, equipment, water lines
- Utilization of advanced technologies
- Diversification in transport: mixed fleets, minibuses and Electro Trans,
- Restructuring through merger or shedding of activities
- Conversion of community enterprises to stockholding companies
- Improvement of management practices: scheduling, accounting, budgeting, planning
- Computerization of enterprises, management information systems
- Support in attracting investment for the development of communal enterprises (loan guarantees)
- Financial support from cities

- In addition to management and financial specialists, include technical specialists as appropriate (engineers, hydrologists) for community services.

5.1.4 Association of Ukrainian Cities

The Evaluation Team also confirms the previous USAID program in recommending that the Association of Ukrainian Cities continue and expand its activities in support of local government development. In addition to its efforts to represent local government at the State level and influence the direction of legislation, the following activities are recommended:

- Involvement on a regular basis, experts and specialists from the AUC to address and consult on particular city issues.
- Dissemination of best practices in city management (for example the Ivano-Frankivsk Direct City Management model which abolished city districts and district councils based on the City Statute)
- Provide materials, legislation, information on standards, and methods to local government including municipal civil servants and City Council members
- Provide bulletins on recent developments and statistical bulletins on social and economic development and environmental situations in municipalities
- Continue to establish regional branches

5.1.5 USAID activities

Specific to future USAID programming in local government development, the Evaluation Team recommended the continuation of funding for transport and Effective Local Government Programming including water supply projects. In the design and implementation of local government programs, the following recommendations were offered:

- **Scheduling:** In the phasing of programs for cities, there was insufficient time, especially in the case of citizen participation in the ELG Project, devoted to the cities at the end of the project period. If a project period of one year is used, it would be preferable to limit the number of sites, depending upon the magnitude of project resources.
- **Dissemination:** Emphasis should be placed on dissemination (printed and electronic) of best practices in local government. These materials can be presented at workshops and conferences.
- **Training:** Respondents frequently expressed their appreciation of the training they received under USAID projects. Training would be an important component of any local government project.
- **Stakeholders:** Stakeholders should be involved early in the process of project development. They should be aware and supportive of project objectives.
- **Site selection:** Project cities should be selected on the basis of interest and commitment of officials, including readiness to provide matching contributions for project implementation. Public involvement should be a prerequisite and the potential for sustainability should be considered.

- **Innovative projects:** The USAID Mission should explore innovative projects such as joint efforts of local governments and systems of collecting communal services payments combined with the provision of subsidies. Attention should be paid to upgrading of capital and the use of new technologies, tariff reform, and communal service enterprises restructuring.

5.2 Program priorities and approaches

5.2.1 Lessons from the evaluation

Three cross-cutting lessons emerge from the UPTI and ELG evaluation that can provide useful guidance for the design and implementation of future support for municipal government in Ukraine:

- (1) While the broader legal and administrative framework at the national and regional levels remains in flux and imposes critical constraints on policy and management at the local level, there is sufficient flexibility to move forward with creative solutions, as the practices are brought in line with the policy framework.
- (2) Achievements and demonstration effects of sustained work with committed municipal governments and service providers can be substantial. Exposure to the solutions and accomplishments of the intensive support to the city of Ternopil, which predated the UPTI and ELG projects, was repeatedly cited as influential. In contrast, the commitment to extending particular "standard" solutions to a set number of cities shaped process and resource use, but did not always deliver in terms of desired impacts. Project resources can be spread too thin.
- (3) Innovation and progress in municipal government often has a "serendipitous" or opportunistic element. Perceived needs and a commitment to particular solutions create opportunities for advancing the process. Stakeholders may be ready to embrace a particular course of action or management improvement, but are stymied by a lack of knowledge, skills or resources.

These lessons suggest a focus on creative approaches to achieving a clearly articulated policy agenda, with *intensive, sustained* support for a few selected — two, at most three — cities, combined with demand-driven response to *related* opportunities arising elsewhere. Specifically, we believe that *increased private sector participation*, including private-public partnerships to "offload" municipal services, and efforts to pursue jointly economic development initiatives, represents a logical agenda building on the accomplishments to date. Some of the cities included in the evaluation showed an interest in taking the next step, such as the establishment of a joint-stock company for transportation in Ivano-Frankivsk. Working intensively with such cities and enterprises committed to change can lead to demonstrating the political and financial feasibility of innovative approaches as a basis for dissemination. The successful Ternopil transport demonstration effort illustrates the potential of this approach.

The "opportunistic" element of future support would involve small grants, on a matching basis, to municipalities and municipal service providers to relieve specific constraints to proposed innovative strategies and methods for effective local self-government. To prevent a proliferation of potentially deserving proposals and maintain a strategic focus, *eligibility would be limited* to the adaptation and adoption of specific solutions that have been developed in the core support cities as a result of dissemination efforts. Examples include training for officials or technicians in a particular skill area, cost-sharing for the acquisition of equipment, or for engaging private consultants to develop/adapt

systems and software. Funding criteria would also include citizen participation, financial soundness, use of new technologies, and transparency in government.

The challenge lies in selecting the cities for the intensive technical and financial cooperation. They must have that have a suitably strong commitment to designing and implementing innovative solutions. One option worthy of further consideration is a kind of "participation tender." USAID would invite municipalities to "bid" for participation in the program, which include some support for capital investments, akin to the funds provided under the UPTI project for fleet improvement, or through DCA-like arrangements. Selection of the winning "bidders" would be based on congruence of the proposed program with the policy agenda, such as enhanced private sector participation, evidence of commitment on the part of the municipalities, and reliance on participatory approaches for project identification, design and implementation involving end users, other levels of government (oblast, raion, village, territory), communal services enterprises, and non-governmental organizations (NGOs).

The AUC could provide an appropriate forum for such a tender, and would participate in the "bid" evaluation. It would also play a lead role in the intensive dissemination efforts for the solutions designed and implemented in the core support cities.

5.2.2 National level

Further clarification of the legal and administrative framework represents a high priority for the development of democratic local government. The Mission is currently engaged in national level budgeting and taxation programming that will affect the local government level. Additional efforts on intergovernmental relations and the national budget review process may be needed according to participatory evaluation interviews. Training programs, conferences, and workshops on these issues would inform and educate local officials on possible solutions.

Efforts under the ELG Project have improved the budgeting and planning capability of several local jurisdictions. Continuing USAID work at the Supreme Rada level has supported the instituting of comparable and more rational local government budgets. There remain several issues that continue to affect local government planning and implementation of programs. Uncertainty regarding the budgetary process is a major contention. An issue to be analyzed may be the extent to which a State review of local government budgets is essential. If a formulaic or per capita allocation of funds was made to local jurisdictions, the utilization of allocated funds could be by the program decisions of each of the recipient local government councils. Budget reform deserves an intensive assessment to derive an improved budgetary system for local government.

The Association of Ukrainian Cities (AUC), with further technical assistance and training, can continue to engage in and expand the following activities to support local government development at the national level. The AUC is at the stage of development that it can continue to conduct its basic program at the current level of acknowledged quality service to member cities. Technical assistance and training would be needed for technical areas such as taxation and budgeting. Specifically, the support may address research on taxation at local level, budgeting, legislative constraints to local government, intergovernmental education, public information, publications, training and advisory services.

Annex A

Evaluation Team Reports

Contents

Background.....	A-1
Urban Public Transportation Improvement Project.....	A-1
UPTI Project Description.....	A-1
Findings of Participatory Evaluation.....	A-2
General Remarks on Project Implementation.....	A-4
Recommendations	A-4
Community Services, Vodokanal.....	A-6
Goals and Objectives	A-7
Project Activities	A-7
Project Results.....	A-9
Project Drawbacks	A-12
Findings	A-12
Recommendations	A-13
Effective Local Government and Association Of Ukrainian Cities.....	A-14
ELG/AUC Program Description	A-14
Participatory Team Findings.....	A-16
Recommendations	A-16

Evaluation team reports

Background

A participatory evaluation purpose, in addition to evaluating progress towards more effective, responsive and accountable local government, was to enable key stakeholders to define and address issues and questions of their own, thereby enabling them to feel ownership of the findings and to facilitate their follow-up action. The evaluation team compiled an extensive amount of interview notes and generated several memos and reports. Among these were descriptions of programs, city descriptions, definitions of stakeholders, and formal findings and recommendations. Two of the three interest groups provided supporting reports to their formal presentations. The third group prepared a flip chart presentation. This section draws from this body of materials and presents highlights of the materials developed in the final workshop.

Urban Public Transportation Improvement Project

Participatory evaluation was conducted in six of the nine cities where the Urban Public Transportation Improvement (UPTI) project was conducted. The project cities not visited by the evaluation team were Lviv, Zhytomyr, and Mariupol.

UPTI Project Description

The Research Triangle Institute (RTI) has worked on the USAID Municipal Development Program since 1994. In 1995, a USAID-funded pilot project on urban transportation was undertaken in the City of Ternopil in Western Ukraine. The project increased the capacity of the Ternopil Electro Trans Company by 30%, from 50 to 65 operable electric buses. In addition to increasing the number of operable buses through acquisition of spare parts, the project focused on improving the enterprise management, computerizing information systems, increasing revenues, and attracting private carriers to provide local transportation.

With the success of the Ternopil demonstration effort, the UPTI Project was launched in 1997 in four cities of Western Ukraine (Lviv, Rivne, Chernivtsi, and Ivano-Frankivsk). Subsequently the program was extended to five cities of Central and Eastern Ukraine (Kirovohrad, Kryvyi Rih, Mariupol, Zhytomyr, and Sumy). Technical assistance was also provided through a subcontractor, Development Group International (DGI).

The objectives of the UPTI were to:

- Achieve significant and visible restoration of capacity and service levels at the trolley bus companies, but not necessarily achieve pre-independence levels
- Reduce operating costs
- Increase fare revenues
- Develop plans for capital financing of fleet improvement and creating mixed/motorized electric urban systems.

Under Strategic Objective 2.3, RTI was to meet the following goals: improved management; improved service delivery; improved financial planning; and increased citizen participation.

The basic activities of the UPTI project were to provide USAID funding matched by city authorities to buy spare parts for vehicle fleet and/or additional busses; to provide computers; conduct analysis of the state of financial and economic activities of enterprises and provide recommendations for improvements, and train managers and specialists of electric transport enterprises. DGI provided technical assistance on use of the existing fleet, scheduling, financial management, and developing and implementing business plans. Each city was given a grant of \$100,000 to be matched by the city. Lviv was given a \$200,000 grant to be matched by the city.

Findings of Participatory Evaluation

The participatory evaluation of the UPTI project conducted in the six cities provides the conclusion that in some cities project implementation increased transportation capacities of enterprises and raised levels of services, increased revenues from fares collection, decrease production costs (in real terms), developed plans of financing of capital investment and created a mixed system of bus and trolleybus servicing of passengers. Because of certain conditions, implementation of the project did not provide for substantial and tangible restoration of transportation capacities of enterprises and full realization of all other objectives of the Project in every city. This may have been attributable to the following factors:

- Conditions under which the project was implemented
- Constraints of Ukrainian Legislation (economic and labor laws)
- The large number of cities in which the Project was implemented
- Attitudes of representatives of city authorities to complying with obligations assumed by city authorities at the time of signing the Memorandum, and adopting decisions instrumental for the project's implementation (including decisions on tariffs approval and providing subsidies for privileged passenger rides on public transport)
- Conditions of enterprises' activities (different types and different age of vehicle fleets (trolleybuses))
- Attitudes of managers and employees of enterprises to changes in enterprise's work
- Varying periods of time allocated for collection and analysis of information on financial and economic activity of enterprises

General Positive Results

In all of the six visited cities, the following results were accomplished:

- Increase in quantity of vehicles in the fleet (that is used or can be used on routes), decrease in idle time and cases of leaving the route which became possible after acquisition of spare parts and repairing the fleet
- Preliminary analysis of financial and economic activity of enterprises and recommendations on its improvement

45

- Participation of managers and specialists of transport enterprises in workshops that assisted in raising their qualifications, acquiring new skills of management and forming new visions of problems of enterprises survival and development
- Transfer of experience of transport enterprises management in conditions of transfer to market economy with the help of participatory discussion of problems and ways to improve enterprises' state
- Improvement of the process of accumulation, processing and use of information on enterprise's financial and economic activity, which became possible after computers were acquired, and provided an impetus to developing enterprise's information systems
- Assistance on the part of city authorities to developing a healthy competition in the sphere of transportation services that allowed to preserve prices at the level acceptable for the population

Limited Positive Results

In some of the cities, the following positive results were noted:

- Allocation of money by local authorities, stipulated by the Project, for the improvement of urban transportation work (Ivano-Frankivsk, Kryvyi Rih, Chernivtsi)
- Allocation of additional money by local authorities for the improvement of work of urban transportation (Ivano-Frankivsk - 5 vehicles (trolleybuses) bought)
- Provision of a guarantee from local authorities for a bank loan to a private enterprise (Chernivtsi — \$ 100,000 received for buying Peugeot minibuses)
- Raising the efficiency of transport enterprise's work due to changes in the organization of traffic and control over expenditures in Rivne, Chernivtsi (the trolleybus company), and Sumy
- Training of managers and some specialists of transport enterprises of Ivano-Frankivsk, Kirovohrad, Sumy, Rivne
- Creation (at the expense of a loan) of a mixed vehicle fleet of the transport enterprise in Ivano-Frankivsk which allowed to increase the enterprise's revenue by 80 percent
- Creation of an information system allowing to automate the process of developing optimum schedules of transport and crew operation at electric transportation enterprise in Kirovohrad, creation of individual elements of such a system in other cities
- Liquidation of employee's salary arrears at transport enterprises (Rivne, Ivano-Frankivsk) and decrease in arrears in other cities to 2-4 months' worth
- Creation of new jobs in Ivano-Frankivsk and Sumy
- Assistance in developing business plans for loan application purposes in Ivano-Frankivsk and Kirovohrad

- An impetus to the search for other sources of revenue (revenues from advertisement, from leasing out premises) in Rivne

Related positive results from the Project include the regulation of activities of private carriers by way of creation of private and collective enterprises in Chernivtsi. The City Council in Kirovohrad approved a program for Public Transportation Development in Kirovohrad that allowed the enterprise to receive municipal property mortgage loans within a year

General Remarks on Project Implementation

In all of the visited cities there was some level of non-compliance of city authorities with requirements of the Memorandum on preserving a certain level of subsidy for electric transport enterprises. Computers with low operational capacities and without proper warranty servicing agreements were acquired. A information system on enterprise's finance management that was developed during the project was not disseminated. Specific remarks on project implementation in the six cities are as follows:

- Non-compliance of city authorities with the Memorandum's requirements to allocate US \$ 100,000 in Sumy and Rivne
- Lack of assistance to development of municipal-property transport enterprise from city authorities (allocation of profit-making routes of public transportation to private enterprises) in Ivano-Frankivsk and Sumy
- Acquisition of spare parts manufactured in Ukraine and Russia at inflated prices in Kryvyi Rih and Sumy
- Limitation of the number of specialists who could get acquainted with results of preliminary analysis and recommendations in Kryvyi Rih

Recommendations

The Transport Team of the participatory evaluation has the following general recommendations to support urban transport and municipal development:

- Making changes in the current legislation on communal property and labor relations
- Approval of tariffs corresponding to real expenditures of enterprises with simultaneous replacement of travel privileges with target-oriented help to privileged categories of population
- Renewal of vehicle fleet of transport enterprises in order to provide for traffic regularity and safety
- Creation of a mixed fleet within one transport enterprise in order to provide for traffic regularity
- Restructuring of transport enterprises by means of disaggregation and transforming them into stockholding companies
- Spread of practice of issuing concessions for carrying passengers on routes on the basis of bidding

- Studying passenger flows with the view to optimize work of all types of passenger transport and introduction of transport vehicles of various passenger-carrying capacities
- Reconstruction of cities' general transportation schemes, as well as repair and reconstruction of roads, creation of transport junctions, taking cargo transport outside cities' boundaries, improvement of the contact network, development of electric transport as an environment-friendly transport

With respect to the implementation of USAID programming in general, the Transport Team had the following recommendations:

- Projects with the term of implementation of 1 year or less should not embrace more than 5-6 cities
- Main emphasis should be placed on training and dissemination of enterprises' work best experience
- Creation of information systems of enterprise management
- Help to attract foreign investors' money for the development of communal enterprises (receiving loans, guarantees and other financial resources at more acceptable conditions)

With respect to recommendations for specific cities, the Transport Team presented the following:

Ivano-Frankivsk

- Development of urban transportation scheme with special attention to roads reconstruction (including drainage and road covering). The city has specialists in this sphere but not enough machinery and equipment
- Studying urban passenger flows in order to operate vehicles of varying passenger-carrying capacity on routes, according to the intensity of passenger flow at different times of day that would allow to use the fleet more efficiently
- Information system development and computerization of "Elektroavtotrans" enterprise, creation of a single computer network with the view to optimize functioning of all the enterprise's subdivisions and providing it with software

Sumy

- Organization of managing of public transportation of all types of ownership by city authorities
- Merging private carriers into private transportation enterprises with the aim to strengthen control over their work, strengthening of traffic safety and raising tax collection
- Creation, within the electric transportation enterprise, of a mixed fleet and improvement of information system

Kyryvi Rih

- Restructuring of electric transportation enterprise with the aim to raise the efficiency of functioning of structural subdivisions
- Information system development and computerization of the enterprise, creation of a single computer network with the aim to optimize the functioning of all the enterprise's subdivisions and providing it with software product

Kirovohrad

- Completion of computerization and the information system development process at transportation enterprises at the expense of providing micro-loans
- Expanding mixed fleet at the enterprise
- Continuation of the process of training and providing of methodological recommendations on improvement of transport enterprises management

Rivne

- Restructuring the enterprise by way of creating mixed fleet
- Assistance from city authorities in receiving by the enterprise of a loan for procurement of vehicles
- Coordination of work of all types of urban transportation at the city level

Chernivtsi

- Decreasing the "shadow sector" in transportation sphere
- Developing of a mechanism of realization of rights and fulfilling obligations of carriers acquired as a result of bidding

Community Services, Vodokanal

The participatory evaluation team conducted interviews in the three cities in which RTI addressed improvement in water supply. In addition, the water supply situation was studied in the cities of Rivne and Ivano-Frankivsk which were not part of the Effective Local Government project to collect comparative information. The basic features of ELG project implementation in the three cities are as follows:

- **Chernivtsi:** Public involvement in discussing efficiency of providing water supply services, as well as introduction of the Financial Analysis Model (FAM) for an enterprise of water supply and sewage branch of economy (Vodokanal). Approximate duration of the project - 6 months
- **Sumy:** Public involvement in discussing the efficiency of water-supply services provision, as well as introduction of the Financial Analysis Model for Vodokanal, Approximate duration of the project - 4 months
- **Kirovohrad:** Introduction of FAM for Vodokanal

Approximate duration of the project - 1.5 months.

Goals and Objectives

Related to the vodokanals, the ELG project had two communal services objectives and related goals as follows:

Objective 1: To demonstrate in selected communities that city authorities are able to improve management of communal services and implement their powers where setting prices for communal services and controlling them are concerned.

Goals:

- To achieve qualitative and quantitative improvements in providing communal services (water supply) in cities-participants in the Project
- To develop a system of price formation for communal services that would reflect expenditures and would provide for sources of revenue for financing communal infrastructure development projects
- To create models of advanced experience which could be used by other cities
- To provide for public involvement in the process of provision of communal services and in discussing price formation
- To improve communication process between city authorities, individual residents and other stakeholders on quality of communal services and price formation.

Objective 2: To develop a model for the mechanism of structured public involvement in adopting decisions of local significance, including involvement tools and strategies for citizens, institutions and various strata for the planning of long-term development.

Goals:

- To involve all stakeholders in determining priorities of communities and in taking part in planning
- To integrate communities for joint action on solving local problems
- To reach consensus in communities regarding priority problems and strategies for dealing with them
- To determine indices for communities to measure success of strategies' implementation
- To organize, in each community of a city-participant in the project, an institutionalized mechanism for monitoring and evaluation of the community's progress in solving problems of local development.

Project Activities

According to information obtained by the evaluation team, the following measures were undertaken in Chernivtsi and Sumy:

- Creation of Advisory Committees on water supply issues, composed of representatives from city executive committees, Vodokanal, public organizations (environmental, consumer rights protection, educational)

- Holding of regular meetings of Advisory Committees in order to plan and discuss the Project's implementation
- Analysis of stakeholders (everybody concerned with water supply problems)
- Determining focus groups
- Reaching public representatives methodology of conducting focus groups (relatively homogeneous social groups with common interests as to water supply)
- Discussion of the state and problems of water supply in focus groups
- Developing a questionnaire based on generalization and analysis of focus groups' work results
- Holding surveys with citizens in areas determined by Advisory Committees (approximately 1,500 people polled)
- Covering the process of the project's implementation in local mass media (MM.)

At a certain stage of project implementation in Chernivtsi and Sumy, Vodokanal financial analysis groups joined the activities. In Kirovohrad, introduction of a Financial Analysis Model (FAM) for Vodokanal was the main focus of work. Within the framework of their activities in the three cities, financial analysis groups did the following:

- Collected and analyzed information on production and financial activity of enterprises for the period of the past three years
- Developed Financial Analysis Model (FAM) for enterprises — a computer program based on EXCEL electronic spreadsheets that had to become a convenient instrument for holding of the analysis of financial and economic situation, for planning and projecting of economic activities of communal enterprises
- Developed and installed programs for calculation of tariffs for water supply services and drainage (except Kirovohrad)
- Trained representatives of planning-and-economy departments of Vodokanals to use FAM and tariffs calculation program — 2 persons in each city
- Provided computers to planning and economy departments of enterprises in order to use FAM and tariffs calculation programs
- Conducted FAM presentations for Vodokanals, Advisory Committees, representatives of city executive committees and council members.

Implementation of the Project in the three cities was completed with the following:

- Preparation and holding of public hearings on issues of water supply with participation of cities' leadership, Vodokanals, public organizations, medical workers, MM
- Presentation during public hearings of data on economic and financial situation of Vodokanal enterprises with the use of charts and diagrams
- Working out of long-term plans for enterprises' development (action plans.)

The project also included a fact-finding trip of cities' Vodokanals to Poland to study the experience of similar enterprises in a neighboring country.

Project Results

The evaluation team found the following short and long-term results from the project.

Chernivtsi

Public Involvement, "Authorities-Enterprise-Customers" Relations

Because of public involvement, authorities sensed urgency of the problem of raising quality and improvement of schedule of delivery of drinking water, Vodokanal money was mobilized, as well as money from city and oblast budgets, at the expense of which construction of the second water main "River Dniester-Chernivtsi" was completed, preventive maintenance of filters was done, and flocculent, a more efficient reagent for water purification, was bought. These measures led to the raising of quality, as well as to introduction of day long schedule of drinking water supply. All the interviewed citizens recognize this improvement. They no longer need to accumulate water in case there are disruptions in its delivery. The city's leaders and Vodokanal managers state: "The urgency of water supply problem was removed." Other results are as follows:

- Managers of Vodokanal, just as the city's leaders, have for the first time had a positive experience of public involvement in discussing problems and drawing up recommendations on water supply;
- The City Executive Committee pays great attention to regular informing of citizens on all important issues in the city's life through MM;
- The image of Vodokanal improved both among population and with city authorities. Population understands water supply problems better, as well as the value of this service. On the basis of survey analysis a conclusion was made — citizens are ready to pay more for better services in water supply. Vodokanal noted a trend for a rise in payments for services by population;
- Some environmental public organizations' activists, once considered by Vodokanal "their main enemy," now perceive the communal enterprise as a partner who, under difficult circumstances, is trying to provide for an acceptable level of services. As a representative of a public organization testifies, the city's population treats Vodokanal's activities with more understanding: there were cases when residents would treat emergency team workers to hot tea and buns taking into consideration bad weather in which those workers had to work;
- Due to a better understanding by citizens of the necessity to economically treat the use of water, Vodokanal was able to decrease uncontrolled losses of water;
- On their part, Vodokanal have developed a more respectful attitude to customers as clients upon whose needs' satisfaction the financial state of the enterprise depends. In order to more effectively communicate with population, Vodokanal placed their customer service in the very center of the city, convenient for public access. Additionally, a position of an engineer on work with population was introduced. At

present, they are finishing development of a questionnaire for regular collection of feedback and recommendations on Vodokanal work;

- Relations between city authorities and Vodokanal have also changed for the better. Within their opportunities, authorities try to support the enterprise. For instance - Vodokanal was exempt from paying half of the land tax. Money thus saved was directed to complete construction of the second water main and to provide privileges for some privileged categories of population in payments for water. In order to provide for better understanding of the issue of water supply by local authorities, the Mayor initiated a fact-finding visit of the City Executive Committee's employees and city council members to Vodokanal facilities. This was an outstanding event in the life of the city.

Introduction of the Financial Analysis Model

Due to analysis of economic and financial situation of the enterprise economically substantiated conclusions were drawn. Vodokanal staff began to treat the enterprise's expenditures differently. Some expenditures previously considered not essential, acquired weight. The enterprise started to look for reserves of lessening expenditures (for instance — for security, electricity for own needs, communication.) The desire to cut on expenditures prodded the enterprise to use a more efficient reagent and install less energy-consuming equipment.

Due to the knowledge gained, as well as to computer and software received, staff of planning-and economy department got an opportunity to quickly conduct calculations and analysis of production and financial indices of the enterprise, as well as to calculate tariffs. Operations that previously required several days can now be completed within 15 minutes. As a result, the enterprise's managers can now have calculations of individual indices they need in order to adopt operational managing decisions.

Communication with Polish colleagues helped Vodokanal managers to receive new ideas on technological and organizational improvements of the enterprise's activity, as well as to determine those aspects of the enterprise's activity that require immediate legislative regulation.

Summary

Public involvement

- For the first time in their practice, both Vodokanal and public organizations, as well as the city authorities, received a useful experience of holding public hearings;
- Due to the holding of the survey and public hearings, Vodokanal received an important information on the way citizens assess the enterprise's work. This issue was of interest to Vodokanal managers for long time and the Project provided an opportunity to get acquainted with public opinion;
- According to Vodokanal managers' opinion, the survey, hearings and information campaign in MM helped to improve population's attitude to the idea of installation of water counters. This is a slow process at present but it is acquiring positive trends;
- Due to their active participation in the project managers of the customer department formed a stable attention of the staff of this structural subdivision of Vodokanal to

improving their work with clients. The department's staff maintains personal contacts with customers, they work on improving forms of contracts on water supply and drainage service delivery. Recently, they developed a customer's book that for the sake of convenience carries text of contract between Vodokanal and clients;

- Educational work is not limited to population: last year, Vodokanal has organized several visits of city council members to the enterprise;
- Vodokanal managers believe that there are fewer complaints from citizens because they started to better understand specifics of the enterprise's activity and its limits of responsibility. They also note an insignificant increase in level of payment for Vodokanal services by the population;
- Representatives of public organizations note certain improvements in service delivery by Vodokanal: the schedule of water supply improved; there are fewer disruptions - a response to public comment that disruptions cause decrease in the quality of water, water-distributing pumps were repaired;
- Public organizations received valuable experience and skills of analysis of stakeholders, holding of focus groups and public hearings. Under advantageous conditions, the main one being the city authorities' desire and participation, public organizations could conduct public hearings on various urgent issues of the city's development. One organization tried to hold hearings on the issue of public transportation along the lines of the model with which they became acquainted within the project's framework;
- Representatives of public organizations note an improvement in Vodokanal's attitude towards their clients: "Although Vodokanal managers are not always able to help, they treat citizens with respect and listen to their opinions."

Kirovohrad

Introduction of the Financial Analysis Model

- Vodokanal received economically substantiated conclusions on financial situation of the enterprise;
- Equipment, software and knowledge were used by the staff to work out the enterprise's activity projection for 1999;
- As a result of presentation of the analysis of the enterprise's activity along the lines of FAM, city authorities have better understood the communal enterprise's problems;
- Using FAM introduced at Vodokanal, the Directorate of Economy of the City Executive Committee of Kirovohrad worked out feasibility studies for two individual projects at the expense of which it is planning to improve its financial situation;
- FAM was also used to calculate tariffs, which confirmed the necessity to develop a separate program for tariff calculation.

All managers of Vodokanals who participated in the training visit to Poland implemented measures aimed at improving work of customer departments of their enterprises taking into account the experience they received.

Project Drawbacks

- The Project's immediate impact on qualitative and quantitative improvements in delivery of services by Vodokanal is not evident in every case;
- In spite of experience of participation in public hearings that public organizations gained, such hearings were not held last year in any city-participant in the Project. One can hardly say that the model of public involvement in discussing and adopting decisions of local significance has acquired a systematic nature and became institutionalized;
- FAM for enterprises is being used to a limited scale - in order to calculate individual indices or is not being used at all. Frequent changes of parameters of the model make it impossible to use it for enterprises' activities projection;
- Because of the ban on changes in tariffs for communal services, calculation of tariffs with the help of programs developed within the Project's framework is of analytical but not of practical nature, and in some cases is even impossible, like, for instance, in Sumy, where by decision of the City Executive Committee expenditures for acquisition of electricity were taken out of the service's cost, although these expenditures are probably the main component of overall expenditures.

Findings

The project had a number of positive immediate and long-term impacts. Changes in attitudes and relations between communal enterprises, citizens and local authorities are evident. Features of mechanisms of local democracy in "authorities-citizens" relations are being formed, as well as elements of market relations in "client-service provider" relations. The project became an impetus for implementing a string of measures that authorities have been planning for long but did not complete.

Some of the projects' objectives that appeared realistic at the start, later became unattainable, for instance - economic substantiation and change of tariffs. Also, objectives whose accomplishment required significant capital investment, could not be achieved.

Enterprises of water-supply and sewage branch have common problems which often are beyond the boundaries of their influence, and because of this they can essentially decrease efficiency and long-term effect of technical assistance projects if those are directed first of all at mobilizing enterprises' inner reserves. Among those problems are the following:

- Discrepancy between tariffs and actual cost of services (in some cases this discrepancy amounts to 2.5 times) and lack of desire (or inability of the State) to compensate for losses sustained by enterprises because of this discrepancy;
- Huge arrears in payments on the part of service users, the main reason for which is low paying capacity of both the majority of citizens and enterprises and organizations;

- Exceptionally bad technical state of pipelines and equipment of water-supply and sewage branch and lack of money for their essential modernization;
- Losses that enterprises sustain because they provide services to privileged categories of population with no compensation from budgets of corresponding levels;
- Excessive state control over price setting and profitability rates for services of communal enterprises;
- Imperfection of legislation on communal property that causes lack of regulation of relations and of distribution of responsibilities between communal enterprises (e.g. between Vodokanal and Teplomerezha (Heat Network), as well as complicates relations with house-managing organizations;
- Unattractiveness of Vodokanal enterprises for creditors and foreign investors (as a result of combination of above-mentioned factors.)

The project's success, and even to a greater extent prospects for further development of its achievements, depend greatly on "human factor" — desire and ability of immediate participants in the project to accept innovative approaches and behavioral models, as well as on their dedication to further develop ideas being implemented. In cases when most of former participants of a project have "left the stage," long-term impact of the project was less felt.

Public hearings, just as other essential and continuous form of public activity, demand a sufficient level of development of a stratum of public (non-governmental, non-profit) organizations. Without creation of proper conditions for the existence and activity of non-governmental sector of society, public initiatives will greatly depend on outside assistance and authorities' will.

Recommendations

The Vodokanal Evaluation Team provided the following recommendations:

- 1 To continue to implement projects aimed at improving the system of water supply in Ukrainian cities, both in those that participated in previous projects, and in new ones. To pay special attention to improving the system of water pipes network using advanced technologies. To provide in projects for the opportunity of enterprise receiving capital investment.
- 2 At stages of conceptual development and implementation of projects to provide for deep awareness of all project participants of its specific short- and long-term objectives.
- 3 To involve not only experts in fields of finance, public technologies, city government, but also technical specialists of corresponding qualifications in the process of developing and implementing of projects aimed at perfecting communal enterprises' activities.
- 4 While determining potential project participants, to pay enough attention to determining the most interested, motivated, oriented to prospects and ready to make their own contribution to projects' realization.
- 5 To include, as necessary part of projects, support for the structures that are engaged in lobbying of corresponding legislation at national level, e.g. - legislation on price

- formation and on communal property, standard acts regulating activities of communal enterprises, relations between different levels of power.
- 6 To provide for public involvement, where this is possible and feasible, in all programs in the sphere of developing local government as a prerequisite for forming foundation for democratic institutions and as a means of securing a lasting impact of projects. To look for ways of institutionalizing of mechanisms of public involvement in adopting decisions of local significance, both on the part of public organizations and on the part of bodies of local government.
 - 7 To include into projects short-term programs of training, sharing of experience, upgrading of professional level of specialists in specific branches of local government and communal economy, e.g. Vodokanal (workshops, conferences, round-table discussions, including oriented to practice and feasible fact-finding visits to foreign countries with relevant conditions and experience.) One should approach solving this issue in a comprehensive way - i.e. involve not only representatives of local structures but also corresponding organizations of national level, research and academic institutes, representatives of similar projects supported by other technical assistance programs. Special attention should be paid to forming skills of representatives of local authorities and those of communal enterprises in developing business plans and drawing up loan applications.
 - 8 To pay sufficient attention to the use of advanced information technologies in solving local development issues, e.g. - introduction of efficient systems of communal payments. To include into projects an element of providing basic technical support and teaching personnel skills for using computer technologies.
 - 9 To offer training programs for local council members on local budget issues, on work of communal enterprises, on legislation, etc.
 - 10 To provide for dissemination of experience, advanced practices, findings, materials (printed, electronic) among stakeholders who engage in development of local government. To assist in developing a network of experts on various issues of local government.

Effective Local Government and Association Of Ukrainian Cities

The ELG/AUC participatory evaluation team undertook the assessment of ELG activities other than those directed to Vodokanals. General needs of the cities were identified. An emphasis was placed on the use of the Financial Analysis Model (FAM). The five visited cities were Ivano-Frankivsk, Rivne, Chernivtsi, Sumy, and Kirovohrad.

ELG/AUC Program Description

In designing a proposal for the USAID Effective Local Government project in 1997, RTI noted that: (1) the Association of Ukrainian Cities was not yet fully developed in any of the three areas in which municipal associations traditionally are effective - legislative advocacy, training and technical assistance, communications; (2) the new local government law handed cities significant new powers

over their communal service enterprises which they were ill-equipped to exercise responsibly; management in most Ukrainian cities remained reactive rather than proactive, and tactical rather than strategic; (3) Ukrainian communities were not integrated and as a result could not bring all of their resources to bear on community problems.

The Effective Local Government (ELG) project was designed to address these issues through a USAID cooperative agreement that balanced work at the national level with the Association of Ukrainian Cities and at the local level with government and non-government actors in targeted municipalities: Chernivtsi, Ivano-Frankivsk, Rivne, Izum, Sumy, Kirovohrad and Luhansk. The scope of work called for the contractor to fulfill three tasks with corresponding general task objectives as shown below.

Task 1: Complete the establishment of the Association of Ukrainian Cities as a permanent and institutionalized voice for Ukrainian municipalities.

Objectives:

- Strengthen advocacy skills by establishing more formal policy formulation processes, improve access to policy options, and thus strengthen the Association of Ukrainian cities as a policy advocate
- Create new training and consulting capacity within the AUC or an affiliated entity, in collaboration with the Association
- Improve AUC-to-members and member-to-member communication systems

Task 2: Show in targeted communities that cities can improve management and fulfill their new responsibilities to oversee and set prices for communal services.

Objectives:

- Qualitatively and quantitatively improve urban services in our partner cities
- Develop pricing systems for communal service enterprises that reflect costs
- Provide a revenue source for financing infrastructure improvements.
- Create replicable successes that can be implemented by other cities
- Assure community participation in service delivery choices and pricing decisions
- Help cities communicate effectively with citizens and other stakeholders about services and pricing

Task 3: Develop a model mechanism for structured participation in community decisions, including tools and strategies for bringing together people, institutions, and sectors to plan for the future.

Objectives:

- Involve all stakeholders in setting community priorities and participating in open planning processes
- Integrate communities into effective teams for local action

- Create community consensus on priority problems and strategies for addressing them
- Identify performance indicators by which the community will judge the success of the strategy's implementation
- Create in each community an institutionalized mechanism for monitoring and evaluating the community's progress towards addressing its problems

Participatory Team Findings

In the five cities visited by the Participatory Evaluation Team, the seven following priority issues and problems were found as common to all:

- Environmental situation
- Water supply and water treatment/sewage
- Energy saving
- Roads and bypasses
- Need for environment-friendly transportation
- Development of small and medium size businesses
- Communal non-payments

In specific cities the ELG/AUC Team noted the following were considered as important for city action:

- *Chernivtsi*: Restoration of the city's historical center and bypass construction
- *Ivano-Frankivsk*: Transforming the city into a historical tourist center
- *Kirovohrad*: Utilization of toxic waste
- *Sumy*: Processing of household waste
- *Rivne*: Housing reconstruction and management

Recommendations

The ELG/AUC Team offered the following recommendations on municipal development.

National Level

The national legislation on local self-government requires changes and reforms. Budget formation should be conducted from the local government to the State, bottom upward. Allocations to local governments should be on a per capita basis. The procedure for budget adoption should be clear cut and fixed.

City Budget

To support the budgets at the city level, the ELG/AUC Team made the following recommendations.

- *Revenues*: Cities should have the clear power to keep 100% of revenues through the individual income tax and taxation of enterprises located on their territories.

- *Privileged:* The financing of community services for privileged categories of population should be borne from the State budget.
- *FAM:* The city budget model should be modified to meet changes in legislation, regulation, and classification.
- *ELG Program:* Recommend to continue to develop standards for allocating city budget expenditures by different municipal sectors of economy, such as education, health, culture, environment, water supply, sewerage, etc.
- *Offloading:* Activities more appropriate to private organizations should be removed from city responsibility
- *Coordination:* City and budgets of regulating agencies (oblasts) should be coordinated

Association of Ukrainian Cities

The ELG/AUC Team found that the Association of Ukrainian Cities has been playing an important role in the development of local government and in solving common municipal priority issues and problems identified above. One respondent stated that the AUC was the best thing that happened in the area of local government. The ELG/AUC Team recommended that the AUC continue and expand in the dissemination of their advanced experience in local government, distribution of literature and information on legislation, regulations, and methods to municipal civil servants and City Council members; the setting of local government standards; provision of information including statistical bulletins on social and economic development and environmental situations in municipalities; and the acceleration of the establishment of regional AUC branches for the provision of financial and technical assistance.

City Administration

The ELG/AUC Team made several recommendations to improve city management. These included:

- *City Management:* Direct city management without city districts and district councils based on the City Statute
- *Payments System:* Automated computer system for payments for communal services and for population subsidies
- *AUC:* Involvement of experts and specialists from AUC to address and consult on particular city issues
- *City Council Members:* To create a City Council Club for informal gatherings of Council members with city officials, business persons, NGOs and the public to discuss priority issues and problems, like city budget, etc.
- *Computerization:* Further computerization of city and oblast financial departments along with improvement of management information systems at their level and at the municipal and oblast administration level as well.
- *Communal Companies:* To develop a mechanism for establishing municipal joint-stock transportation companies

- *Training.* Workshops for not only Local and Oblast, National Officials and city financial officers, but for City Council members who are part of the budget committee and heads of other committees as well.

General

The ELG/AUC Team recommended that USAID continue local government programming in those cities that previously actively assisted in the implementation of both the ELG and UPTI Projects. It also recommended that a program be developed to support cities in obtaining credits and loans through guarantees or other means.

Annex B

Interviewees

Contents

Chernivtsi.....	B-1
Ivano-Frankivsk.....	B-3
Sumy	B-4
Rivne	B-6
Kirovohrad	B-7
Kyiv.....	B-8
Washington, DC.....	B-9

Chernivtsi

Babchuk, Volodymyr – Head, Communal Services Division

Botnar, Volodymyr – Chief Engineer, Vodokanal

Chorniy, Lyudmyla -- Chief Specialist, Organization and Information Department, City Council

Dovhey, Maria – Chairman, "Prosvita"

Dulitska, Alla – Economist, Vodokanal

Fedoruk, Myhailo – Mayor

Havrylyuk, Nina – Head, Customer Department, Vodokanal

Hulika, Otilia – Chairman, "Bukovyna Green World"

Kambur, Olexander -- Head, Information Department, City Finance Directorate

Malkovych, Yaroslav -- Member, City Council Commission on Budget Issues; Physician, City Clinic No. 1

Masikevych, Yuriy – Chairman, Bukovynian Branch of the Ukrainian National Ecological Center "Krona"

Masikevych, Yuri -- Board Head, Chernivtsi Branch, Ukraine's National Environmental Center "Krona"; Head, Ecology and Law Chair, Chernivtsi Department of Khariv State Polytechnical University; Head, City Council Commission on Planting and Preserving Greenery

Milchenko, Maryna – Public Relations Engineer, Vodokanal

Prokopets, Yevhan -- Head, Finance Department

Semenyuk, Lyudmyla – Chief Economist, Chernivtsi Vodokanal

Shmalts, Valentyn -- Deputy Head, Oblast Finance Directorate; Head, Budget Department, Chernivtsi Oblast State Administration

Shumeiko, Oleksander – Director, Vodokanal

Sitsynsky, Oleh – Head, Housing Department; Head, Permanent Deputy Commission on Housing, Communal Services, Communications, Energy and Transport

Vasyl'chyshyn, Oleksander – Deputy Mayor; Head, Housing and Communal Services Department

Vorotnyak, Dominika -- Deputy Head, Finance Directorate; Head, Budget Department, City Executive Committee

Vyshnevskaya, Iryna -- Press Secretary, City Council

Yeremchuk, Troyan -- Head, City Council Commission on Education, Science, Culture, Spiritual Revival, Youth and Sports

Chernivtsi group interviews

Chernivtsi City Council:

Babchuk, Volodymyr -- Head, Communal Services Division

Dudak, V. -- Head, Transportation Directorate

Fedoruk, Myhailo -- Mayor

Melnik, Anatoly -- Head, International Relations Department

Vasyl'chyshyn, Oleksander -- Deputy Mayor; Head, Housing and Communal Services Department

Leaders and Members, Public Environmental Association and "Green Movement of the Carpathian Region":

Bulyha, Dmytro -- Member, "Krona"

Holovchenko, Lyudmyla -- Head, "Parostok"

Hordonov, Viktor -- Member, "Lavr Blagorodniy"

Hyndych, Oleh -- Head, "Lavr Blagorodniy"

Masikevych, Yuri -- Board Head, Chernivtsi Branch, Ukraine's National Environmental Center "Krona"; Head, Ecology and Law Chair, Chernivtsi Department of Khariv State Polytechnical University; Head, City Councilors Commission on Planting and Preserving Greenery

Skakun, Andriy -- Member, "V Harmoniyi z Pryrodoyu"

Ivano - Frankivsk

Andrusyak, Pavlo -- Secretary, City Council

Blaslhchuk, Arsen -- Chief Economist, Heating Plant

Cemichuk, Stepan -- Committee Member, Territorial Committee

Citizens -- taxi driver, pensioner, Vodokanal employee

Chukhniy, Bohdan -- Director, Heating Plant

Gul, Rostyslav -- Field Coordinator, RTI

Hakh, Bohdan -- Head, Transportation Department

Koval, Olga -- Committee Secretary, Territorial Committee

Kovaliv, Maria -- Economic Department Supervisor, Executive Committee, City Council

Krihovetskiy, Zenoviy -- Village Head, Village of Cilskiy

Oniskiv, Bohdan -- First Deputy Mayor

Opuftrak, Ivan -- Deputy Head, Territorial Committee

Oustinsky, Vladymir -- Staff Member, City Council

Pavtyukh, Lidia -- Head of the Planning-Economic Department, "Electroavtotrans"

Polischuk, Larisa -- Head of Technical Department, Water Company

Representatives of various city NGOs -- 17 people

Revuk, Vacil -- Territory Head, Territorial Committee

Rusanov, Gennady -- International Relations Department, Ivano-Frankivsk State Technical University of Oil and Gas

Shkutyak, Zinoviy -- Mayor

Sukhorebra, Irina -- Economics Faculty, University; Project Manager, Ivano-Frankivsk Association of Economic Developers

Uliber, Vera -- Committee Member, Territorial Committee

Yakivets, Leonid -- Director, "Electroavtotrans"

Sumy

Aganyans, Volodymyr -- Regional Director, Association of Ukrainian Cities

Andronov, Oleksandr -- Mayor

Anisimova, Olena -- Floor Attendant, "Khimik" Hotel

Bondarenko, Mykolo -- Director General, Sumy Agro Experimental Station, Sady Village

Denysenko, Iryna Oleksandrivna -- Chairman, "Sumyplatezhi"

Drunk, Svitlana -- Head, Economy Directorate

Hevlich -- Head, Economics and Planning Department, Vodokanal--

Hordiyenko, Volodymyr -- Head, Department of Industry, Communications, Energy and Environment

Karpenko, Mykolo -- Chairman, "Prosvita"

Kozlov, Mykolo -- Director, Territorial Housing Management Administration No. 5

Kukushka, Olexander -- Head, Finance Department, City Executive Committee

Kukushka, Oleksandr -- Head, Department on Industry, Communication and Ecology

Kuzmenko, Mykolo -- Chief, Raion District Council, Sumy District

Kuzmin, Nikolai -- Director, Raion District Council, Sumy District

Lavryk, Volodymyr -- Head, City Council Commission on Legal Issues and Local Government Development

Lavryk, Volodymyr -- Head, Deputy Commission on Local Governance Development

Levchenko, Voldymyr -- Chief Engineer, Transport Enterprise

Lypova, Svitlana -- Deputy Head, Finance Department, City Executive Committee

Mazy, Oleksandr -- Head, Transportation Department of City Hall

Mussalitina, Nadiya -- Head, Sady Village Council; Board Member, Association of Heads of Village and City Councils

Opara, Valentyna -- Head, Public Relations Department

Opara, Valentyna -- Specialist, International Relations, City Executive Committee Plastun, Leonid -
- Director, Heating Company

Pokutnya, Nadia -- Chief Engineer, Vodokanal

Poyarkov, Yuri -- Head, Kovpak Raion District Council, Sumy District

Rostotska, Viktoria -- Member of the Society

Ryabenko, Mykola -- Deputy Mayor, Housing and Communal Services Issues and Transport

Samsonova, Kateryna -- Head, Customer Service Department, Vodokanal

Sarizhenko, Sergei -- Deputy Secretary, Sumy Oblast Council

Serpenikov, Olexander -- Head, City Council Commission on Education, Culture, Youth and Family
Sheremet, Lydia -- Representative, Consumers' Advisory Group
Shevchenko, Valentyna -- Head, Education Department
Shulha, Svitlana -- Deputy Head, City Public Health Department
Tarasenko, Olha -- Head, Entrepreneurs Unit
Tarasenko, Olha -- Head, Entrepreneurs Union of Sumy Oblast; Head, Entrepreneurs Trade Union
Tysivsky, Yosyp -- Director, Vodokanal
Vakulenko, Yuri -- Deputy Mayor, Executive Bodies of Power
Vinnichenko, Serhiy -- Director, Transport Enterprise
Voitenko, Ivan -- Secretary, City Council
Yarova, Alla -- former Field Coordinator in Sumy, RTI
Yeldachyn, Mykola -- Electrician, "Khimik" Hotel
Zalcharchenko, Lydia -- Chief, Housing Economy Department
Zhurba, Valeriy -- Head, Planning and Budgeting Commission
Zhyrkova, Albina -- Floor Attendant, "Khimik" Hotel
Zmiyenko -- Chairman, Sumy Oblast Society for Consumers Rights Protection

Sumy group interviews

Ukrainian Banking Academy:

Bila, Anzhela -- Student, Preparatory Courses,
Chernenko, Olexander -- Student, Preparatory Courses,
Frolyak, Yuri -- Student, Preparatory Courses,
Stina, Petro -- Student, Preparatory Courses,

Sumy Rotary Club:

Bitterliuh, Leonid -- Secretary, Rotary Club; Physician
Gradil, Yuri -- Architect; former President, Rotary Club
Litvinov, Gennady -- Chief, International Committee; Export/Import
Reznik, Natalia -- Director, "Oster-Sumy" Insurance; Treasurer, Rotary Club
Shapovalenko, Victor -- Clothes production
Shapovalov, Sergei -- President, Rotary Club; Faculty Member, Sumy University

Rivne

Balytsky, V. -- Head, Budget and Finance Directorate

Bilyk, L. -- Head, City Council Information and Automation Department

Citizens

Chayka, V. -- Mayor

Doroshenko, L. -- Head, Budget Formation Department

Hreshchuk, A. -- Secretary, City Council

Kukharchuk, I. -- Chief Engineer, Housing Management Office No. 4

Peleshok, L. -- Deputy Chief Accountant, City Council

Sayenko, V. -- First Deputy Mayor

Tkachuk, I. -- Head, Budget Revenue Department

Voronyuk, L. -- Head, Registration Department, City Council

Voznyuk, T. -- Head, Department for Financing of Management Bodies, City Council

Kirovohrad

Bochkaryova, Lyubov -- Head, City Financial Department

Furmanov, Ihor -- Deputy Mayor on Economic Issues

Krasnokutsky, Oleh -- Member, Planning and Budget Commission; Member, City Council;
Specialist, Adolescent Service, Lenin District, Kirovohrad

Kyrylovska, Olha -- Head, Budget Department

Nikulin, Olexander -- Mayor

Poyarkov, Viktor -- Secretary, Planning and Budget Commission; Member, City Council

Serpokrylov, Viktor -- Head, Financial Directorate, Oblast State Administration

Shtutman, Pavlo -- Deputy Head, Planning and Budget Commission; Member, City Council;
Director, "Hydrocomplex" Shareholding Co.

Slonevsky, Yuri -- Head, Economy Directorate

Tarasevych, Kateryna -- Computer operator, Financial Department, City Executive Committee

Yakurin, Serhiy -- Press Secretary, City Executive Committee

Kyiv

Babak, Olena -- Consultant, RTI

Chaika, Irina -- Consultant, RTI

Gotsdiner, Mark -- Secretary, Elected Council; Deputy, Elected Council, Slavutich Town Council of People's Deputies

Hanushchuk, Yuri -- Consultant, RTI

Kachur, Pavlo -- Deputy Director, Association of Ukrainian Cities

Lyubov, Ilyina -- Chief Economist, Transportation Company

Martin, Harry G. -- Executive Director, Association of Kyiv Region Towns

Negoda, Vyacheslav -- First Deputy of the Executive Director, Association of Ukrainian Cities; former Mayor, Ternopil

Parasiuk, Ihor -- Secretary, City Administration, Lviv City Council; Director of the Department, Lviv City Council

Pavlukh, Lidiya -- Head, Economic Department, Transportation Company

Pittsyk, Myroslav -- Vice-President, Association of Ukrainian Cities

Semenyuk, Lyudmyla -- Head, Economic Department, Vodokanal

Tymoshenko, Yulia -- Member, Parliament; Chairman, Budget Committee

Vorotnyak, Dominika -- Head, Budget Department; Deputy, City Finance Department

Yurchenko, Margaryta -- Executive Director Assistant, Association of Ukrainian Cities

Yuskevych, Tetyana -- Financial Program Coordinator, Association of Ukrainian Cities

Zaginye, Stepan -- Director, Transportation Company

Washington, DC

Goetz, Dan -- Project Manager, RTI

Priftis, Ted -- USAID/ ENI/ DG

71

Annex C
Bibliography

Bibliography

- Aubel, Judi, *Participatory Program Evaluation: A Manual for Involving Program Stakeholders in the Evaluation Process*, Catholic Relief Services-USCC, Dakar, Senegal, 1993.
- De Negri, Berengere, Elizabeth Thomas, Aloys Ilinigumugabo, Ityai Muvandi, and Gary Lewis, *Empowering Communities: Participatory Techniques for Community-Based Programme Development, Volume 1: Trainer's Manual*, Centre for African Family Studies, December 1998.
- Ersenkal, Olgun and Phillips Hungerford, *Municipal Transport Improvement in Western Ukrainian Cities: Chernivtsi, Ivano-Frankivsk, Lviv and Rivne*, Kyiv, Ukraine, 1997.
- Ersenkal, Olgun and Ewa Lewandowska, *Municipal Transport without Government Subsidies: The case of Olsztyn, Poland and its Implication for Russian Cities*, 1995.
- Ersenkal, Olgun, Trip Report: *An Assessment of Municipal Transport in Western Ukrainian Cities*, Kyiv, Ukraine, 1996.
- Experts of the Association of Ukrainian Cities. *Guide*. Kyiv, Ukraine, 1998.
- Freudenberger, Karen Schoonmaker, *Rapid Rural Appraisal, Participatory Rural Appraisal: Notes to Accompany an Introductory Course*, 1996.
- Goetz, D.L., *Overview of Capital Improvement Programming*, USAID/RTI Effective Local Government Project, September 1998.
- Hansen, Judith, *Project Assistance Completion Report*, USAID Effective Local Government in Ukraine, Kyiv, Ukraine, May 1999.
- Hanushchak, Yuriy, *Case: Budgetary Financial Analysis Model (FAM) Introduction in the City of Chernivtsi*, USAID/RTI Effective Local Government Project, June 1998.
- Ivano-Frankivsk Association of Economics Developers, *Business Women Database: Resources Overview*, Ivano-Frankivsk, Ukraine.
- Ivano-Frankivsk Association of Economics Developers, *Enterprises Database: Resources Overview*, Ivano-Frankivsk, Ukraine.
- Ivano-Frankivsk Association of Economics Developers, *Goals, Objectives, Activities*, Ivano-Frankivsk, Ukraine.
- Ivano-Frankivsk Association of Economics Developers, *StatInfo Economic Database: Resources Overview*, Ivano-Frankivsk, Ukraine.
- Kapustin, Wendy and Anne Sweetser, *Participatory Practices: Learning from Experience*, USAID.
- Narayan, Deepa. World Bank Technical Paper Number 307: *Toward Participatory Research*, World Bank, Washington, DC, 1996.
- Post, Edward Everett, *Trip Report: Financial Analysis Phase One: Western Ukrainian Bus Companies*, Kyiv, Ukraine, 1997.
- Research Triangle Institute, *Budgetary Financial Analysis Model (FAM) for Ukrainian Cities: User's Guide*, Kyiv, Ukraine, 1998.

- Research Triangle Institute, *Case Studies on Best Practices of Electric Transport Enterprises of the Cities of Ivano-Frankivsk, Kirovograd, Lviv, Rivne and Ternopil*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, Case Study: *Budgetary Financial Analysis Model: Introduction in the city of Chernivtsi*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, Case Study: *Public Participation in Developing Effective Pricing Strategies (city of Chernivtsi)*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, Case Study: *Public Participation in Developing Effective Pricing Strategies (city of Sumy)*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, *ELG Project Final Quarterly Performance Report*, Kyiv, Ukraine, October-December 1998.
- Research Triangle Institute, *ELG Project Final Quarterly Performance Report*, Kyiv, Ukraine, October-November 1998.
- Research Triangle Institute, *Financial Analysis Model: Introduction in the City of Rivne*, Kyiv, Ukraine, April 1998.
- Research Triangle Institute, *Introduction to Bus Enterprise Financial Analysis Model and User's Guide*, 1998.
- Research Triangle Institute, *Manual on Decision-Making Support and Enterprise Financial Activity Monitoring System*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, *Manual on Public Participation in Planning Improved Municipal Services*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, Pamphlet: *Decision Making Support and Enterprise Financial Activity Monitoring System*, 1998.
- Research Triangle Institute, Pamphlet: *Management Information System for Urban Transportation Planning and Control*, 1998.
- Research Triangle Institute, Survey: *Pricing and Regulation of Water/Wastewater Utilities in Ukraine*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, *Urban Public Transport Improvements Project: Final Quarterly Performance Report*, Kyiv, Ukraine, March 1999.
- Research Triangle Institute, *User's Guide to Bus Enterprise Financial Analysis Model*, Kyiv, Ukraine, 1998.
- Research Triangle Institute, *Water Utility Financial Analysis Model. User's Guide*, Kyiv, Ukraine 1998.
- Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements and Business Plan for Ivano-Frankivsk Autoelektrotrans Company*, Kyiv, Ukraine, 1998.
- Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements and Business Plan for Kirovograd Electrotrans Company*, Kyiv, Ukraine, 1998.
- Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Chernivtsi Electric Transport Company*, Kyiv, Ukraine, 1998.

Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Kryvyi Rih Electric Transport Company*, Kyiv, Ukraine, 1998.

Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Lviv*, Kyiv, Ukraine, 1998.

Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Rivne Electric Transport Company*, Kyiv, Ukraine, 1998.

Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Sumy Electric Transport Company*, Kyiv, Ukraine, 1998.

Research Triangle Institute/Development Group International, *Final Report: Public Transportation Improvements in Zhytomyr Electric Transport Company*, Kyiv, Ukraine, 1998.

Revels, Catherine, *Case Study: Tariff and Financial Planning as a Tool for Developing Strategies to Improve Services*, USAID/RTI Effective Local Self-Government.

Ryon, Hazel, *Training Strategy for the Association of Ukrainian Cities for Local Government*, USAID/RTI, April 1998.

Small Business and Economic Development in Ivano-Frankivsk (SBEDIF), *Ivano-Frankivsk: Community Profile*, Ivano-Frankivsk, Ukraine, 1998.

Spradely, James and David McCurdy eds., *Conformity and Conflict: Readings in Cultural Anthropology*, Longman, New York, 1997.

Sweetser, Anne T., *Methodological Annex: Workshop on Relaxed & Participatory Appraisal*, Kathmandu, Nepal, 1996.

Sweetser, Anne T., *Workshop on Rapid and Participatory Appraisal Methods*, Inter-American Development Bank, Washington, DC, May 1997.

Sweetser, Anne T., *Workshop on: Relaxed (Rapid) & Participatory Appraisal*, Kathmandu, Nepal, 1996.

USAID, Urban Public Transportation Improvement Contract No. 121-0007-C-00-7204-00, Kyiv, Ukraine, September 1997.

USAID, Effective Local Government Cooperative Agreement No. 121-A-00-97-09006-00, Kyiv, Ukraine, September 1997.

USAID/RTI Effective Local Government Project, *Case Study: Public Participation in Developing Effective Pricing Strategies*.

US State Department, *Ukraine Country Report on Human Rights Practices for 1998*,
http://www.state.gov/www/global/human_rights/1998_hrp_report/

US-Ukraine Foundation, Law of Ukraine "On Local Self-Governance in Ukraine", Kyiv, Ukraine, May 21, 1997.

Annex D

Scope of work

STATEMENT OF WORK

END-OF-PROJECT EVALUATION OF THE EFFECTIVE LOCAL GOVERNMENT AND URBAN PUBLIC TRANSPORTATION IMPROVEMENT PROGRAMS IN UKRAINE

I. STATEMENT OF WORK

A. Purpose

The Contractor will provide an objective and participatory end-of-project evaluation of the Effective Local Government and Urban Public Transportation Improvement Programs, local government assistance projects implemented by Research Triangle Institute (RTI).

The team, in coordination with the stakeholders, will evaluate effectiveness, identify results to date, determine progress towards achieving Strategic Objective 2.3 - more effective, responsive and accountable local government, identify any problems or constraints to the successful achievement of the projects' purposes, and determine future training and technical assistance needs. The evaluation will enable key stakeholders, such as the Association of Ukrainian Cities and key government officials, to define and address issues and questions of their own, thereby enabling them to feel ownership of the findings and to facilitate their follow-up action. It will also provide the basis for future USAID program design in the areas of local government and municipal development that has the ownership and commitment of key stakeholders.

B. Activities To Be Evaluated

The Urban Public Transportation Improvement Project (UPTI) was authorized with Contract Number 121-0007-C-00-7204-00 between USAID and RTI on September 10, 1997. The Contract ended December 15, 1998. The Effective Local Government Project (ELG) was authorized with Cooperative Agreement Number 121-A-00-97-09006-00 between USAID and RTI on September 30, 1997. This Cooperative Agreement ended November 30, 1998.

The objectives of the UPTI, as stated in the description of the Contract, were to: achieve significant and visible restoration of capacity and service levels at the trolley bus companies, but not necessarily achieve pre-independence levels; reduce operating costs; increase fare revenues; and develop plans for capital financing of fleet improvement and creating mixed/motorized electric urban systems. Under Strategic Objective 2.3, RTI was to meet the following goals: improved management; improved service delivery; improved financial planning; and increased citizen participation. UPTI was active in nine cities in Ukraine.

The objectives of ELG, as stated in the description of the Cooperative Agreement, were to: strengthen the Association of Ukrainian Cities (AUC) by a variety of

approaches, including expanding its professional and advocacy capacities, and to continue the development of a local government policy agenda; strengthen municipal strategic planning and financial management, especially of and in communal service enterprises; and develop community participation regarding a specific municipal service. ELG worked in six cities, with five of these cities also benefiting from the UPTI program. Under Strategic Objective 2.3, RTI was to meet the following goals: increased local authority; improved financial management; increased legal reform; improved management; increased citizen participation; improved strategic planning; increased information regarding government operations; increased access to decision-making for a; and greater transparency of government operations.

C. Background

RTI has been the major contractor for USAID's local government work in Ukraine since 1996. Under the original Municipal Finance Management (MFM) project, which ran through mid-July, 1996, RTI worked with three initial cities and began a relationship with the Association of Ukrainian Cities. During a no-cost extension period, which ran through December 31, 1996, six new cities were added and ties were strengthened with AUC. Work with the new cities continued with another funded extension of MFM (through March 31, 1997) which focused on spreading the financial analysis model and other management tools to new partners. In addition, under the Municipal Development and Management Indefinite Quantity Contract, which was completed by September 30, 1997, there was progress in increasing the communication capabilities of AUC as well as modernizing electric trolley bus operations in some cities. Both the Effective Local Government project and the Urban Public Transportation Improvement project were outgrowths of RTI's previous work and built on the successes of its technical assistance and training to Ukrainian cities.

D. Objectives For The Evaluation

The Contractor has the following overriding objectives:

1. To conduct a participatory evaluation which will involve all major stakeholders, including project staff with USAID and RTI, the Association of Ukrainian Cities, mayors and other key city officials, and key central government officials. Such an evaluation will be conducted by facilitating and structuring a process of collective learning and strategic planning involving these stakeholders.
2. identify and document those activities undertaken by RTI in connection with the implementation of the UPTI program in Rivne, Lviv, Chernivtsi, Ivano-Frankivsk, Kryvyi Rih, Zhytomyr, Sumy, Kirovohrad and Mariupol;
3. identify and document those activities undertaken by RTI in connection with the implementation of the ELG program in Sumy, Izum, Kirovohrad, Ivano-Frankivsk, Rivne and Chernivtsi and with the Association of Ukrainian Cities;
4. in the six target cities, assess and document the outputs, the results and the impact of these activities according to objectives of both of these programs (as

stated in the Contract and the Cooperative Agreement), as well as in relation to the applicable goals under Strategic Objective 2.3.;

5. evaluate the Urban Public Transportation Improvement project's impact and identify factors contributing to higher or lower effectiveness in achieving the goals of SO 2.3 and, in particular, in the areas of: improved service delivery; improved management in terms of training, implementation of management changes and adoption of new procedures and processes (e.g., competitive procurement, inventory control, revenue collection and fleet management); improved financial planning, including the development and implementation of a five-year public transportation plan; and the development and implementation of transport integration of mini-bus fleets and the electric trolley bus service. An evaluation of the impact should not only include current changes in performance, but also those institutional changes that laid the basis for future results.

6. evaluate the Effective Local Government project's impact in the cities and vodokanal companies and identify factors contributing to higher or lower effectiveness in achieving the goals of SO 2.3 and, in particular, in the areas of: use of the Financial Analysis Model in the 1998 and 1999 budget process in six cities; improved vodokanal service levels in six cities; improved citizen satisfaction with vodokanal service in six cities; computerized budget, expenditure, and revenue analysis capability in all six cities; creation of a citizen stake holder group, leading to citizen participation in service delivery choices, pricing decisions and investment priorities in three cities; development of a model mechanism for structured participation in community decisions; pricing systems for vodokanals in place for at least three cities and a national model pricing system in development; long term capital improvement plans and debt management plans in place in all six cities; and creation of replicable successful models in fiscal management and service delivery for implementation in other cities.

7. evaluate the impact of RTI's efforts with the Association of Ukrainian Cities and identify factors contributing to higher or lower effectiveness in achieving the goals of SO 2.3 and, in particular, in the areas of: structured, sustainable consultative procedures for determining policy on legislative issues existing in AUC or a related entity; regular communication strategies in place for informing members and for soliciting members' input into legislative issues; and development of procedures for the collection and distribution of best practices related to municipal services;

8. identify any problems or constraints to the successful achievement of both projects' goals and objectives;

9. evaluate and document the outputs, results achieved and the impact of any additional RTI or other program interventions in the UPTI and ELG cities and in the AUC that are not listed above; and

10. recommend the most effective strategies and future directions of training and technical assistance to be pursued by USAID in strengthening democratic local self-government in Ukrainian cities.

E. Team Composition

The contractor shall field a team of three individuals, the lead facilitator being the designated team leader. The lead facilitator should be very experienced in the use of qualitative and participatory methods and group dynamic techniques. In addition, as team leader, he/she must have relevant previous USAID evaluation or project design experience. Experience with local government and municipal development programs and rapid appraisal are desirable.

The other two team members must have expertise in city management, municipal finance and urban services/development. Both must also have experience with applying participatory development approaches, or be open to using participatory approaches selected by the team leader for the evaluation work.

All team members should possess superior written and verbal communication skills. Preference will be given to a team with relevant experience in the New Independent States (NIS) and in which at least one team member speaks Ukrainian or Russian.

The Contractor will certify that there is no conflict of interest with respect to the performance of this evaluation, nor any reason known to the Contractor which would prevent an objective evaluation of this program and/or RTI's performance, on the part of the Contractor or any member of the evaluation team.

The Contractor will guarantee that substitutions will not be made for individuals selected as team members without the approval of the Municipal Development Advisor, USAID/Kiev. If substitutions have to be made and if the contractor cannot find substitutes acceptable to the Municipal Development Advisor, the evaluation will be canceled or postponed at the Municipal Development Advisor's option. The Contractor will also guarantee that all of the approved evaluation team members will be available for all aspects of the evaluation schedule.

Throughout this process, a USAID employee who is a member of the Strategic Objective 2.3 team will be involved with the evaluation process and will be a member of the team.

F. Methodology

Prior to departure from the U.S.:

(1) The Contractor will review background documents, including:

- * project authorizations;
- * the UPTI Contract and ELG Cooperative Agreement;
- * work plans for both projects; and
- * monthly, quarterly, final and any special reports of RTI, its staff in Ukraine, and any sub-contractors.

(2) The Contractor will conduct interviews and hold briefings with:

- * relevant USAID/ENI/DG staff; and

* the past RTI Washington-based ELG/UPTI Project Director and other relevant RTI staff, including the most recent Project Director in North Carolina (North Carolina RTI staff can be interviewed by phone).

Time required for the information gathering and document review will be approximately 2 days. USAID/ENI/DG staff will obtain country clearances for the team and will schedule USAID Washington meetings. Attachment II of this document includes a list of pertinent people with whom, at a minimum, the Contractor will meet.

Work in Ukraine

(1) The Contractor will spend several days the first week (a) in reviewing any necessary documents related to the UPTI and/or ELG projects that were not available in Washington, and (b) interviewing representatives of key stakeholder groups (e.g., RTI staff, the Association of Ukrainian Cities, representatives of relevant Ministries, mayors and other key city officials in the target cities, employees and customers of the trolley bus and vodokanal (water utility) companies, and USAID). The interviews will enable the team to understand better what has transpired during these two projects and the issues of concern to all stakeholders, as well as to identify appropriate individuals for the evaluation team. Lastly, the Contractor will be able to develop a strategy for a participatory evaluation process and a workshop that would use internal evaluation as part of the strategic planning.

(2) During the latter half of the first week and in the second week, the Contractor will next work with the major stakeholders, including a representative from RTI, to review the initial objectives of this evaluation, as detailed in this document, and to finalize these objectives in a scope of work as the stakeholders review the efforts to date, identify key issues and informants, clarify the roles and responsibilities of the participants and facilitator, develop an open-ended interview guide, and choose methods for gathering relevant information. At this time, a multi-disciplinary interview team, with 12 stakeholders (including a representative from RTI) and 6 Mission employees, will be chosen and trained in basic data collection and analysis including rapid appraisal.

(3) The third phase of the field visit will be the execution of the final scope of work, as adopted by the stakeholder team. The evaluation methodology will also include field travel by the Contractor and the 18-member interview team to six target cities over a 2-week period to bring together local organizations; local level government officials involved in the projects; city, trolley bus company and vodokanal training program participants; customers; and field-level project staff, and could include the use of semi-structured individual interviews, focus groups, surveys, etc. The methods used should emphasize explanations and assessments of the value of the two projects from the perspectives of the customers and other stakeholders, rather than just a quantitative assessment.

(4) Upon the return to Kiev, the Contractor will facilitate a final two day session of the stakeholders and the interview team (including a RTI representative), beginning with the presentation of the outline of the findings. The goals of this session will be to

reach clarity on the evaluation findings and conclusions. The group should also identify the areas of consensus and divergences, explaining the latter, to the degree possible. During the next session, at which RTI will not participate, the group will make recommendations for actions to be pursued (jointly or individually) by the stakeholders, and, as much as possible, to plan future efforts for improvement of USAID's and other stakeholders' local government/municipal development programs. The Contractor will then develop a draft of the major conclusions related to the evaluation and recommendations for future USAID programming which will be reviewed and left with key USAID/Kyiv staff before departure.

(5) Upon return to the United States, the Contractor will issue a draft final report evaluating the UPTI and ELG projects, as well as summarizing the results of the participatory evaluation/strategic planning process, and recommending the most effective strategies and future directions of training and technical assistance to be pursued by USAID in strengthening local self-government in Ukrainian cities. Within one week following the issuance of the final report the Contractor will conduct a Washington-based briefing for USAID staff, including representatives from ENI, G/Env, and PPC (CDIE and Policy).

G. Schedule

The evaluation will start two weeks after the award of the contract, depending on the availability of consultants and the scheduling needs of the Mission. The entire assignment is estimated to take approximately two months. The field visit shall begin no later than early October 1999. Two workdays will be required in Washington prior to departure for the document review, interviews of relevant USAID/W and RTI staff, etc.

Once in Kyiv, Ukraine, the Contractor should allow up to two six-day workweeks to complete the review of pertinent documents, to interview key members of the stakeholder groups, to schedule field interviews and briefings, and to train interviewing teams. The evaluation team training and planning in Kyiv alone will require approximately seven days (out of the twelve), followed by approximately two six-day work weeks spent in field visits to six target cities. After the field work, approximately four days will be needed to conduct a workshop with the stakeholders to identify conclusions and future actions, to prepare a preliminary report and to brief USAID staff.

Upon return to the United States, the Contractor will have two days in which to prepare a draft final report. This report should be received not later than one week after the return to the States. USAID/W, USAID/Kyiv and RTI (RTI will not receive the section dealing with recommended actions and program design) will then have up to two weeks to review and comment on the draft final report. Finally, two days will be required after receipt of USAID feedback for completing the final report, and, in addition, one day will be required for the final briefing.

H. Deliverables

1. At least two weeks prior to departure from the United States, the Contractor shall submit a draft work plan to USAID/W/ENI/DG and USAID/Kyiv's Municipal Development Advisor for concurrence.
2. Workshop(s) and other interviews, briefings, etc., resulting in a final scope of work for the evaluation process.
3. At the conclusion of the field visits and review session with the stakeholders, a draft report.
4. A draft final report, followed by a final report reflecting comments from USAID and RTI. The final report shall include:

an Executive Summary, not to exceed five double-spaced pages, which includes the major findings, conclusions and recommendations; the body of the report, not to exceed 30 pages, which includes the major findings, conclusions and recommendations learned from the evaluation team of stakeholders and the field work; and Appendices.

Specifically, the report should:

- (a) evaluate the performance of the Research Triangle Institute against the standards set forth in the Contract and the Cooperative Agreement, as detailed in Sections B. and D., as well as Attachment I;
- (b) describe the effectiveness and impact and/or identify successful activities and accomplishments (anticipated, unanticipated, or lack of) achieved by Research Triangle Institute, in relation to S.O. 2.3. For both (a) and (b), the evaluation should not only include current changes in performance, but also those institutional changes that laid the basis for future results;
- (c) alert USAID to possible problem areas and address any issues raised by the stakeholders;
- (d) identify, in order of importance and urgency, programs/activities which would be the most effective ones for USAID to pursue in the future, and include justifications to support these recommendations. If there are differences of opinion among stakeholders about the importance and/or urgency, these should be noted and, to the extent possible, explained; and
- (e) describe the contributions that have been made to assessing the accomplishments of SO 2.3 and to strategic planning by having involved stakeholders in designing and implementing this evaluation.

Five (5) copies of the draft reports and ten (10) copies of the final report (eight bound in English and two loose leaf, one in English and one in Ukrainian) shall be submitted by the Contractor to USAID/Washington and USAID/Kyiv for distribution. The draft and final copies will be presented in hard copy and on a diskette in the format *Word*. The reports should be no longer than 30 pages, as noted above. Additional material should be submitted as Appendices, as appropriate (e.g., Scope of Work, bibliography of documents analyzed, list of agencies and persons interviewed,

briefed, etc., list of cities visited, and discussions of technical details that can only be summarized in the main report).

II. TECHNICAL DIRECTIONS

Technical Directions during the performance of this task order shall be provided by the Technical Officer as stated in Block 5 of the cover page pursuant to Section F of the contract.

III. TERM OF PERFORMANCE

- a. Work shall commence on the date noted in Block 7 of the cover page. The estimated completion date is reflected in Block 8 of the cover page.
- b. Subject to the ceiling price of this task order and the prior written approval of the Technical Officer (see Block No. 5 on the Cover Page), the contractor may extend the estimated completion date, provided that the extension does not cause the elapsed time for completion of the work, including the furnishing of all deliverables, to extend beyond 60 calendar days from the original estimated completion date. Prior to the original estimated completion date, the contractor shall provide a copy of the Technical Officer's written approval for any extension of the term of this task order to the Contracting Officer; in addition, the contractor shall attach copy of the Technical Officer's approval to the final voucher submitted for payment.
- c. It is the contractor's responsibility to ensure that the Technical Officer-approved adjustments to the original estimated completion date do not result in costs incurred that exceed the ceiling price of this task order. Under no circumstances shall such adjustments authorize the contractor to be paid any sum in excess of the task order.
- d. Adjustments that will cause the elapsed time for completion of the work to exceed the original estimated completion date by more than 60 calendar days must be approved in advance by the Contracting Officer.

V. KEY PERSONNEL

The following individuals are designated as key personnel to this task order pursuant to Section G.14 of the basic contract:

Name	Position Title
Ulrich Ernst	Senior Researcher/Reviewer
Leo Surla	Democratic Programs Analyst
Anne Sweetser	Rapid Appraisal Specialist

VI. USE OF GOVERNMENT FACILITIES AND PERSONNEL

(a) The contractor and any employee or consultant of the contractor is prohibited from using U.S. Government facilities (such as office space or equipment), or U.S. Government clerical or technical personnel in the performance of the services specified in the task order, unless the use of Government facilities or personnel is authorized in advance, in writing, by the Contracting Officer.

(b) If at any time it is determined that the contractor, or any of its employees or consultants, have used U.S. Government facilities or personnel either in performance of the contract itself, or in advance, without authorization in, in writing, by the Contracting Officer, then the amount payable under the contract shall be reduced by an amount equal to the value of the U.S. Government facilities or personnel used by the contractor, as determined by the contracting officer.

(c) If the parties fail to agree on an adjustment made pursuant to this clause it shall be considered a "dispute" and shall be dealt with under the terms of the "Disputes" clauses of the contract.

VI. DUTY POST

The Duty Post for this task order is Kiev, Ukraine.

VII. ACCESS TO CLASSIFIED INFORMATION

The contractor will not have access to classified information.

VIII. LOGISTIC SUPPORT

The contractor shall be responsible for all logistic support needed to successfully complete the contract.

IX. WORKWEEK

The contractor is authorized up to a six-day workweek in the field with no premium pay.

Evaluation questions

A. Cities/Communal Service Enterprises

1. As a result of the advice and assistance provided under the Urban Public Transportation Improvement (UPTI) Project and the Effective Local Government (ELG) Project, has there been improved quality of service, qualitatively and quantitatively, in the respective cities? Is there improved citizen satisfaction with these services?
2. Determine whether the technical assistance and/or training and information hat was provided (a) are currently being used by local government and/or communal service enterprise staff and officials on their jobs; (b) have changed the way these officials and staff do their jobs; and (c) have changed the way the trolley bus company or vodokanal operates or delivers services. Please cite specific examples.
3. Is information concerning actions and operations of city administration now more readily available to citizens than before the start of these projects? Is there improved information flow from the city administration (including the communal service enterprises) to the citizens that is attributable to efforts of these projects? If the answers are in the affirmative, what are the results or impacts of this improved transparency? Please cite specific examples.
4. As a result of these programs, has the image, role, definition of city government held by employees and officials of the city administration undergone any change? Has horizontal interface and coordination increased? Has the image, role, definition of city government held by the citizens changed for the better?
5. What indications, if any, are there of improved management and implementation of management changes and adoption of new procedures or processes (e.g., improved financial analysis and planning, competitive procurement, inventory control, revenue collection, fleet management)? Did the technical assistance or training improve the local governments' effectiveness and efficiency?
6. What changes, if any, have taken place in the attitudes of the mayors, trolley bus directors and vodokanal directors and their respective management teams regarding the larger question of in-service training? What are their priorities for future training?
7. Is there evidence of increased and institutionalized citizen/consumer participation as a result of these projects? Did the citizens find the government more responsive because of their increased participation? Please give specific examples.
8. Is it apparent that strategic planning was practiced in these cities and communal service enterprises? For instance, are there long-term capital improvement plans and debt management plans in place and being used? What longer term results and impacts, direct or indirect, can be anticipated?
9. What are the mayors' and/or communal service enterprises directors' views of the improvements in financial analysis and management, computer capability, service delivery, citizen participation, and strategic planning? What do they expect from these improvements? Have these changes altered their views of the role of city

government? Their view of their respective roles, including as lobbyists at the national level?

10. What is the view of the Finance/Budget Directors regarding the improvements in automatic data processing capability, information management and improved systems now at their disposal? Have these changes altered their perceptions of the role of their divisions? What are the reactions of their staff to the upgrades and changes? Please specify.

11. Have any of these changes altered the operational relationship of the city administration and the mayor to the Oblast? Cite specifics.

B. The Association of Ukrainian Cities

1. Did the training and technical assistance result in structured, sustainable policy formation processes and consultative procedures for determining policy on legislative issues related to government? Did these procedures or other training result in increased policy advocacy at the national level? Was there any direct correlation between RTI's work with the Association and its effect on legislation important to local government? Please cite specifics.

2. Has the Association's consultancy and training capacity on municipal issues increased as a result of RTI's work?

3. What changes occurred that could be directly attributable to RTI's work, in communication strategies and actual methods and types of communication? What new or improved methods are now used: by the Association to inform members; for member-to-member communication; and to solicit members' opinions on areas of interest to them?

Annex E

Participatory Evaluation Workplan

(Status of October 23, 1999)

Participatory Evaluation:

Effective Local Government and Urban Public Transportation Improvement in Ukraine

Summary of Workshop Activities and Workplan Status

October 23, 1999

This workplan describes the overall approach to, and specific tasks of, the participatory end-of-project evaluation of the Effective Local Government (ELG) and Urban Public Transportation Improvement (UPTI) Programs both implemented by the Research Triangle Institute (RTI) under a Cooperative Agreement and contract, respectively. The evaluation is designed to (1) assess the achievements (impacts) of these two activities, and of their interaction with the Association of Ukrainian Cities, identify results to date, and determine program progress towards achieving Strategic Objective 2.3 (more effective, responsive, and accountable local government); (2) establish guidance for any future activities in the area of municipal government and service delivery; and (3) ensure active participation by key stakeholders, including USAID/Kyiv staff.

A revised workplan was an objective of the Evaluation Team Training Workshops. This report summarizes evaluation activities through Phase II. Evaluation activities for Phases III and IV are presented.

Overall approach

The active participation by the stakeholders is central to the evaluation, both to provide the necessary depth and comprehensive perspective and to create a learning experience for the evaluation participants that will be useful in their involvement in future program planning and implementation. The participatory approach will enable these stakeholders to define and address issues and questions of their own, acquire ownership of the findings, and facilitate follow-up action. Members of the stakeholder Evaluation Team — to include AUC and municipal officials, an RTI representative, and USAID/Kyiv staff - will participate in the identification of problems or constraints to the successful achievement of program purposes, determination of future training and technical assistance needs, and generation of recommendations for possible future USAID strategies and activities in local/municipal

government that has the ownership and commitment of key stakeholders and could build upon the successes of the current programs.

Evaluation team

The USAID Scope of Work for this evaluation defines the overall approach in terms of the information needed to answer the evaluation questions and the general procedures for collecting and analyzing this information through the active participation of key stakeholders. The Evaluation Team is comprised of the Abt Associates/MetaMetrics "core" field team of Leo Surla (Team Leader/Lead Facilitator), Ulrich Ernst (Economist), and Ruslan Nyzhnyk (Coordinator) with Anne Sweetser as the Washington, DC based Participatory Evaluation Consultant; and 18 participant evaluators that include 11 outside stakeholders, 6 USAID staff, and one RTI representative (Irina Chaika). A support team consists of Ukraine-based translators/interpreters, facilitator, and clerical personnel. The emphasis of the overall approach is on the involvement of the stakeholder-interviewers in the collection and analysis of evaluation information. The core team will have primary responsibility to complement the information that the participant-evaluators will collect in the course of their fieldwork through the review of project documentation and the collection of sufficient process and impact information from other standard sources.

The core team is implementing an approach that results in full, basic agreement among the entire Evaluation Team on the design. The core team approach also stresses combining and sharing all collected evaluation information, and relies on participatory analytic methods to enhance the potential of stakeholder ownership of evaluation results, findings, and recommendations. Accordingly, the two core team members will also participate in the conduct of field interviews as full members of the Participatory Evaluation Team and stakeholder/participatory members will also conduct interviews with key municipal officials and project personnel.

Mission Coordination

Effective coordination with the Mission is critical for the success of this evaluation. Throughout the activity, the Evaluation Team will ensure frequent communication with the CTO and other Mission personnel. The core team will meet with Mission personnel to review and revise the proposed workplan and field interview schedule. In the initial and subsequent meetings and communications, the core team will address key decision points in the evaluation process. These decision points include further refinement of evaluation objectives; design and implementation of the training workshop for participant-evaluators; criteria for activity recommendations (resource requirements, critical assumptions, expected impact, measurement of results); outline of draft report; agenda and participants for evaluation briefings; and receipt of Mission comments, requests for clarifications, and recommendations for incorporation into the final report.

Workplan and Schedule

The evaluation comprises four major phases:

- Phase I: Preparation of the workplan, initial interviews, document review (stateside);
- Phase II: Selection of participant-evaluators, training workshop for the evaluation team;
- Phase III: Fieldwork by the Evaluation Team, including interviews with program stakeholders in six cities and complementary on-site data collection;
- Phase IV: Final evaluation workshop to achieve consensus on evaluation findings and on possible future directions; preparation of draft final report; review and revision of final report; final briefings for the Mission and for USAID/Washington.

The time frame for the participatory evaluation demanded a tight schedule, and does not allow for much slippage. Mission support for the invitation to organizations to identify stakeholder participants contributed to the timely recruitment and full-time commitment of persons to be trained and work in the three to four week effort for participatory evaluation.

Phase I: Preparation

Core team members Leo Surla, Ulrich Ernst, and Anne Sweetser met in Washington to review the evaluation approach, conduct interviews with USAID/Washington and RTI staff, compile background information, and prepare the draft workplan. This team also developed the program outline and initial list of materials for the Participatory Evaluation Workshop prior to departure for Kyiv. The workshop was shifted from the original target starting date of October 13 and was held at the beginning of the second week in the field, allowing time for the identification and initial briefing of the participant-evaluators as well as the arrival in Kyiv of one of the core team members. Full time commitment to the three week participatory evaluation schedule was stated as a requirement for participation.

The core team prepared an outline of the draft workplan for review with the Participatory Evaluation Consultant. Following completion of interviews with Ted Priftis, USAID/ENI/DG; Chanya L. Charles, USAID Research and Reference Services Project; and Dan Goetz, RTI (by phone), an initial draft work plan was prepared for submission to USAID/Kyiv.

Schedule

- September 21 Evaluation start-up
- September 23-27 Conduct Washington/North Carolina meetings and interviews, review materials, draft workplan
- September 28 Submit draft workplan to USAID/Kyiv, request identification of Evaluation Team candidates: RTI, AUC, Mission personnel, others

Phase II: Participant Identification and Training

The performance of the participant-evaluators in terms of collecting and analyzing evaluation information, and in terms of learning through their participation, is central to the success of

this participatory evaluation. The selection of the stakeholder participants and USAID staff to participate in the evaluation and their full-time commitment to this activity for a period of three to four weeks represented key elements of the approach. The relatively limited in-country time for the expatriate members of the core team required that the participant-evaluators be largely identified and committed prior to core team arrival in country.

To the fullest extent possible, the participatory evaluation design called for a distribution of participants divided by gender and to reflect the diversity of the general Ukrainian population including age and ethnic background. If appropriate, minority or disadvantaged groups would be represented. The core team suggested they would conduct telephone and personal interviews with each candidate as necessary and to provide a general briefing to interested persons. The final selection was to be reviewed with the Mission and designated major stakeholders.

The USAID Project Officer issued an invitation to USAID personnel to participate in the three and a half week participatory evaluation. Municipal officials, transport and water officials, and officials of the Association of Ukrainian cities were invited. Follow up invitations were issued by the core team and a total of eighteen persons attended the first, second, and third days of the Participatory Evaluation Workshop.

Candidates who choose to participate were required to attend the entire training session, participate fully in the fieldwork, and attend subsequent final review workshops. Recognizing the importance of engaging and training committed stakeholders to participate in the evaluation effort, the team recommended that their participation be completely voluntary. There was to be no pressure or stipulation of consequences to encourage persons to participate. The prospective participatory team members were provided with the draft workplan and other information. A Participatory Evaluation Orientation was held at the Mission Office to review the proposed roles, responsibilities, and expected time commitment with twelve interested persons. The minimum agreements for participation were presented and some minor adjustments were made on scheduling depending upon home locations of the participants and prior professional commitments.

The attendance of all participation evaluation members for the first four days of the Workshop was considered essential.

Participatory Evaluation Workshop

Eighteen persons attended the first three day classroom and interview exercise sessions of the Participatory Evaluation Workshop. There were eight men and ten women. All were professional persons with important responsibilities within their organizations. Six persons were from the USAID Mission. The ages of the participants ranged from the twenties to fifties. There was one person each from Kirovohrad, Ivano-Frankivsk, Sumy, and Kryvyi Rih. There were two persons from Rivne and two from Chernivtsy. The remaining ten persons lived in Kyiv.

In the classroom sessions the objectives of the participatory evaluation and the specific evaluation questions were reviewed each day. The structural and procedural characteristics of participatory evaluations; the techniques of obtaining, recording,

interpreting and analyzing evaluation information; and the dynamics of group interaction in a participatory context were addressed.

Three separate working groups were formed to address Transport, Water, and AUC/Finance. The initial assignment was random, irrespective of home location and technical interest in the subject. Tradeoffs were made to accommodate interest preferences and approximately four persons changed groups. The assignment to the three Western cities of Rivne, Chernivtsy, and Ivano-Frankivsk was also done randomly. Again about five adjustments were made and the final grouping was six persons of three pairs to cover each technical area for Rivne; seven persons (a pair each for Transport and AUC/Finance and a three person team to address water) in Chernivtsy; and five persons with a two person team for AUC/Finance and a three person team for Transportation in Ivano-Frankivsk.

The workshop design as presented in the original draft workplan envisioned two days of classroom sessions and two days of field interviews and review of interview techniques. Scheduling of the field visit, required additional time and an adjustment was made. Of the eighteen participant evaluators, there were eleven with job responsibilities and experience directly relevant to the participatory evaluation. On Wednesday, day three of the Workshop, in addition to the presentation of other workshop material, detailed interviews were conducted with seven of these knowledgeable participant evaluators. Each exercise included the conduct of a extensive interview by a two person team, the taking of detailed notes, and a review commentary by an observer participant.

All eighteen members participated in the first three days and fifteen participated in the fourth day of field exercise interviews in the town of Slavutich. A participant from Rivne departed during the evening of Day Three due to a personal emergency and was accompanied by the other participant from Rivne. The participant from Ivano-Frankivsk also departed on the evening of Day Three due to a previous commitment.

A coach carried the Participatory Evaluation Team to the town of Slavutich to conduct practice interviews with municipal officials. Total travel time was six hours. On the trip to Slavutich, members were engaged in development of questions to be included on the interview formats. There was approximately three hours allotted for interviews and lunch in Slavutich. All pairs conducted interviews. A review of assignments and question and answer session was held on the trip back to Kyiv.

As part of the Workshop, the core team drafted an interview framework to guide the team in the conduct of the interviews and outline the relationship of evaluation questions to potential sources of information. Separate interview guides will be needed for municipal officials, company employees, and customers and also by area interest. Information to be obtained will include process or program description; needs, attitudes, and issues regarding local government programming; and program outputs, results, and impact. Respondents will be told the purpose of the interview and of the importance of obtaining information to support planning and project development for local government services.

The workshop review of the evaluation objectives and the field exercise interviews resulted in insights on interviewing techniques and additional questions relevant for the participatory evaluation. Such ideas and questions were included on the interview forms that were developed on the fifth day of the Workshop with the involvement of nine members of

the Participatory Evaluation Team. On Saturday, October 22, prior to departure to the Western cities, the interview formats were generated for distribution to the City and Area Interest Teams.

In keeping with the overall philosophy of participatory evaluation, the workshop relied on training through active participation of all members in the design and development of specific techniques. The participant-evaluators conducted practice interviews and conducted group reviews of lessons learned in the process. They also contributed to the identification of groups of informants and the development of the final evaluation design, including interview instruments, and field visit scheduling. Learning, however, is not limited to the workshop. Group review and participation remain an integral part of the implementation of this evaluation. Throughout the fieldwork, the schedule provides for the Evaluation Team to hold group debriefings to review interview results and critique interview methods. An end result of the one week workshop was a revised evaluation workplan based on participant input.

Selection of target cities

The ten program cities are listed below with approximate populations and USAID program involvement. Izum was included in the ELG program only, did not have a vodokanal activity, is relatively isolated from the other cities, and has the smallest population. Of the remaining ELG cities (all five also have UPTI activities) a convenient grouping was seen as Sumy, Kirovohrad, and Kryvyi Rih in the East and South and Rivne, Ivano-Frankivsk, and Chernivtsy in the West. A total group review for the interviews in Rivne, Ivano-Frankivsk, and Chernivtsy was planned to take place in Ivano-Frankivsk. The inclusion of Sumy, Chernivtsy, and Kirovohrad in the six cities results in coverage of all of the vodokanal cities.

Urban Public Transport Improvement Program Cities

Ivano-Frankivsk(ELG), 252,700

Rivne (ELG), 245,300

Chernivtsi (ELG), 260,700

Sumy (ELG), 305,200

Kirovohrad(ELG), 284,000

Zhytomyr, 240,000

Mariupol, 500,000

Kryvyi Rih, 762,000

Lviv, 670,000

Effective Local Government Program Cities

Izum (not in UPTI Program), 60,000

Ivano-Frankivsk, 252,700

Rivne, 245,300

Chernivtsi, 260,700

Sumy, 305,200

Kirovohrad, 284,000

Schedule

- | | |
|---------------|--|
| October 10 | Depart for Kyiv |
| October 11 | Arrival in Kyiv of Leo Surla (US holiday) |
| October 12 | Meetings with USAID/Kyiv, key interviews scheduled |
| October 13 | Selection of Evaluation Team members, key interviews conducted, workshop preparation |
| October 14 | Participatory Evaluation briefing for participants, logistics |
| October 15 | Arrival in Kyiv of Ulrich Ernst, workshop preparation |
| October 16 | Workshop preparation, review project materials |
| October 18-20 | Participatory Evaluation Workshop, classroom sessions |
| October 21 | Field exercise in Slavutich, practice interviews, group debriefings |
| October 22-23 | Participation Team members option of return to home city or work with core team in development of interview memos, field procedures, instruments, scheduling |

Phase III: Field Work

The 18 participant-evaluators organized themselves, in a participatory fashion, into 9 pairs. Each member will exchange roles as interviewer and note taker, as appropriate. The core team members will participate in interviews and other data collection activities of the teams on a rotating basis. The partnering of individuals may change from city to city. Group teams of three pairs (six persons) were assigned a primary responsibility for Transport, Water, or AUC/Finance.

Information Collection and Interviews

The purpose of evaluation team activities is to cover the objectives of the evaluation and the evaluation questions, as stated in the Statement of Work. In the field, the teams will conduct from 3 to 5 interviews daily. Small group interviews may be conducted, depending upon the situation (groups of customers, members of organizations, groups of company employees such as trolley bus drivers). Time will be allocated in afternoons and evenings for review sessions of the teams and for writing of interview notes or memos. Primary interview notes will be written following each interview. The teams may also collect information by direct observation.

In the target cities, interviews may be conducted with service companies and/or with municipal officials and customers that did not engage in the specific USAID projects. Such interviews could provide contrasting information that may indicate extent of impact of

95

communities with USAID programming. Only three cities participated in the vodokanal services activity of the ELG program. Interviews with vodokanal companies in non-participating cities may reveal relevant evaluation information.

Interviews and Other Data Collection in Six Cities

Field work will be conducted in the six cities in weeks 3 and 4. Three interview teams of two members each (plus one member of the core team) will cover each city. Each evening, the three groups of two interviewers and the core team member at each of the three cities will meet to review interview results and lessons learned. Teams may choose to switch partners and/or reassign informant interviews.

At the end of week 3, the afternoon of Thursday, October 29 and all day Friday, October 30, all nine groups will meet in Ivano-Frankivsk to review interview findings and results as the total Participatory Evaluation Team. This review session forms an important part of the learning process, and will also facilitate the drafting of the evaluation report in a timely fashion. The group will review and, as necessary, revise plans regarding interview methods and procedures, including the interview formats, or identification of additional informants. The group session will also decide on the final schedules for the second week of interviews.

Week 4 will be devoted to interviews and other information collection activities in the final three cities in the East and South of Kyiv: Sumy, Kirovohrad, and Kryvyi Rih. At the end of that week, all nine groups will meet in Kyiv on Thursday, November 4 to review findings of the week and plan and conduct the Evaluation Findings and Recommendations Workshop on Friday, November 5. USAID staff and key stakeholder officials will be invited to attend this workshop.

Schedule

- | | |
|---------------|--|
| October 24 | Sunday evening travel to Rivne, Ivano-Frankivsk, and Chernivtsy. |
| October 25-27 | Interviews in morning and early afternoon, 3 to 5 for each team of two, in evening groups meet, review findings, write memos |
| October 28 | Morning interviews, evening travel to Ivano-Frankivsk for next day full group review |
| October 29 | Group review of findings, write memos, revise data procedures |
| October 30 | Core team review of results, data instruments, and approach |
| Oct. 31 | Sunday Evening travel to Cities 4, 5, and 6 for Monday morning arrival |
| November 1-2 | Interviews, evenings: group reviews |
| November 3 | Morning: review findings, memos; Evening: travel to Kyiv/central city |

Phase IV: Final Workshop and Reports

The Final Evaluation Workshop (Findings and Recommendations), during which USAID officials and key stakeholders will participate, is integral to the participatory evaluation methodology. The Evaluation Team will conduct the Final Evaluation Workshop at the end of week 4. USAID officials and key stakeholder officials will be invited to attend and participate. The Workshop will result in the identification of Evaluation Team findings and recommendations. All Evaluation Team members and other participants will discuss the relative importance of findings, and recommendations for future activities will be discussed. The participation of the RTI representative in discussions of future activities is governed by the provisions of the Scope of Work for this assignment.

The core team will prepare and submit the draft report on November 12 prior to departure from Kyiv. The Draft Report will be according to the specifications in the USAID SOW and any nuances in priorities and evaluation emphasis are to be agreed upon in the initial meetings and the Training Workshop. A final evaluation briefing will be presented to the Mission by the Abt Associates/MetaMetrics core team and any of the participatory evaluation team members.

The Mission will review the draft for submittal of comments and need for any clarifications in two weeks, by November 26. The Final Report will be delivered three work days later on December 1. As specified in the SOW, the final briefing of USAID/Washington staff will be required within one week of USAID receipt of the Final Report. Invited to attend the final project review will be Mr. Ted Priftis, Ms. Chanya Charles, Mike Gould, Steve Nix, Nancy Hooft, Vivianne Gary, Sherry Grossman and potentially other USAID personnel.

Schedule

November 4	Kyiv: Participatory team interview results, memo preparation
November 5	Findings and Recommendations Workshop
November 6-11	Draft Report preparation and delivery
November 10	Final Mission briefing
November 12	Depart Kyiv
November 26	Receipt of Mission comments on Draft Report
December 1	Final Report delivery to USAID/Washington and Kyiv
December 8	Briefing of USAID/Washington staff

Annex F

Workshop and training materials

Contents

Workshop Agenda.....	F-1
Participatory Evaluation Goals.....	F-5
Workshop Results	F-5
Workshop Objectives.....	F-6
Conducting a Participatory Evaluation Interview	F-7
Types of Evaluation Questions	F-9
Evaluation Approaches.....	F-10
Participatory Evaluation Steps.....	F-11
Participatory Process Uses	F-12
Participatory Learning Process	F-13
Evaluation Teamwork.....	F-14
Evaluation Questions to Avoid	F-15
Notes, Analysis, Reports.....	F-16
Interview guide.....	F-18
Structure of the interview.....	F-20

Participatory Evaluation Workshop

Effective Local Government and Urban Public Transportation Improvement in Ukraine

Workshop Agenda

October 18 - 22, 1999

Hotel Ukraina

Kyiv, Ukraine

Sponsored by USAID/Kyiv

Monday, October 18

9:30-10:00	Registration, Coffee and Tea
10:00-10:30	Welcome and Introduction to the Workshop Judy Hansen, Municipal Development Adviser Office of Democratic and Social Transition (ODSI) USAID Regional Mission for Ukraine, Moldova, Belarus
10:30 - 11:00	Workshop Procedures and General Schedule Leo T. Surla, Jr., President MetaMetrics Inc., Washington, DC Abt Associates/MetaMetrics Workshop Facilitator
11:00 - 11:25	Break, Refreshments
11:25-1:00	Introduction to USAID Municipal Development Programs Ruslan Nyzhnyk, Director Invest-Consulting, Lviv Workshop Consultant Coordinator

	Pavlo Kachur, Deputy Director Association of Ukrainian Cities, Kyiv Senior Advisor, RTI
	Irina Chaika, Program Coordinator, Research Triangle Institute, Kyiv
	Alyona Babak, Consultant Research Triangle Institute, Kyiv
	Yuri Hanushchak, Consultant Research Triangle Institute, Kyiv Adviser, State Budget Committee
1:00 - 2:00	Lunch, Hotel Ukraina
2:00 - 3:00	Workshop Objectives The evaluation cycle/purposes of evaluation
3:00 - 4:00	Group and team formation Getting acquainted exercises Selection/assignment of partners Teams of six, selection of team leader, triangulation
4:00 - 4:25	Afternoon Break, Refreshments
4:25 - 5:30	Developments in Participatory Evaluation Rapid Appraisal, multi-disciplinary, triangulation Participatory Appraisal Quantitative/qualitative research
5:30 - 6:00	Workshop Logistics/Schedule/Evening Assignment

Tuesday, October 19

9:00 - 10:30	Collecting Participatory Evaluation Information What information is needed? Asking Questions: traps and opportunities Introduction to visual activities for information collection
10:30 - 11:00	Break
11:00 - 1:00	Continuing Workshop Group Interviews Interview time management Interview notes, interview summaries
1:00 - 2:00	Lunch, Hotel Ukraina
2:00 - 3:30	Team building, data collection instruments, reports
3:30 - 4:00	Break

- 4:00 - 5:00 Continue Workshop
Key informants, consumers of municipal services
Develop data checklists and questionnaires
Note taking, analysis, and report writing
- 5:00 - 5:30 Logistics/field schedule/evening and morning meals

Wednesday, October 20

- 9:00 - 1:00 Introduction to field exercises
(Break as needed)
Real and practice interviews, critiques, note taking
- 1:00 - 2:00 Lunch, participants' responsibility
- 2:00 - 5:00 Review of interviews
(Break as needed)
Discussion of findings
Interview techniques, what worked or didn't work
Relevance of information
Analysis for findings and recommendations
Need for additional information
Memo and report writing
Plan for field interviews
- 5:00 - 5:30 Logistics/Field Schedule

Thursday, October 21

[Note: Schedule will change according to logistics requirements.]

- 9:00 - 4:00 Field Interviews outside of Kyiv
Each two-person team to conduct at least two interviews with key informants or services consumers
- 4:00 - 5:30 Team Reviews, Findings and Recommendations
Team breakouts, identify findings and recommendations
Team reports and discussion
Selection of three city team leaders
- 5:30 - 6:00 Logistics/Weekly Field Schedule
- 6:00 Participants from outside of Kyiv have option of returning home for weekend

Friday, October 22

Optional Workshop: Preparation of sets of questionnaires, logistics for three cities visits, review of municipal program description information, write-ups of programs/objectives/issues

Saturday, October 23

Optional Workshop: Preparation of sets of questionnaires, logistics for three cities visits, review of municipal program description information, write-ups of programs/objectives/issues

Coordination with city team leaders, final logistics for week one field trip

Sunday, October 24

Evening: Departure for three cities

Monday, October 25

Morning Hotel Registration, Begin Interviews

Afternoon and
Evening

Complete daily interviews, Team meetings to discuss findings

Interview notes, findings memoranda, list of respondents

Participatory Evaluation Goals

(November 12, 1999)

Overall

- Conduct a participatory evaluation in which participants develop the evaluation methodology and data collection instruments, collect information and conduct interviews, and derive findings and recommendations on municipal development in Ukraine.

Workshop Results

(October 23, 1999)

General

- Participants are involved in the development of the evaluation methodology

Specific

- Participants are a working group
- Participants have formed teams for first week of field work
- Data collection instruments are prepared for first week of field work
- Information sources and interview groups are identified for field work
- Logistics for first week of field work are prepared

Workshop Objectives

(October 20, 1999)

Knowledge

- Know the basic differences and similarities between participatory and non-participatory evaluation
- Be introduced to the ELG and UPTI programs and their objectives

Abilities

- Be able to conduct participatory interviews
- Be able to develop interview outlines
- Be introduced to evaluation analysis and program development

Attitudes

- Have practiced behaviors and attitudes appropriate to participatory evaluation

Conducting a Participatory Evaluation Interview

While there are some techniques that can help you in conducting interviews, your approach is of greater importance. Be yourself, create a connection with the person, listen rather than instruct, be open to new information and ideas, be willing to be creative and innovative. Remember, however, that each interview has a set of purposes to be achieved in the time that is available.

Presentation and Introduction

- Dress appropriately, suit and business clothes for interviews with office persons, no tie and more casual clothing for certain work areas. However, do not present yourself as someone you are not.
- Introduce yourself and be honest about who you are and the purpose of the interview. For example, when conducting the practice interviews it is better to admit that you are in a workshop program in which you are learning how to conduct interviews than to appear to be an experienced interviewer.

Connection

- Create a connection with a person by discussing something you can both relate to: something in the setting, your own work being similar, being from the same town.
- Let the person know that you are interested in learning about their reality. You are trying to understand and you would appreciate their help.

Attitude

- You are not going to solve their problems even though you are connected with an effort to create new programs in municipal development.
- Confidentiality — No one is going to find out that the person provided you with information. You don't have to say explicitly that the interview is confidential unless it appears that the respondent has a concern about that.
- Relax and maintain a conversational tone. You can ask about the person's life and personal information such as which town did they come from. Be willing to answer similar questions or provide such information about yourself. It is permitted that you enjoy the interview.
- Do not dominate and let the person shift the conversation. You can always find a way back to the topics about which you would like to learn more.

Attention

- Observe expressions that may color the answers to your questions. Is the person enthusiastic about the answer? Somewhat doubtful?

- Listen for what is really meant. How would it feel to be that person? What would it be like to look through his or her eyes at the situation?

Innovation

- Try new types of questions. Mix simple and complex questions. Adapt the interview guide question to fit the person you are interviewing.
- Move to a different part of the area in which you are interviewing. If time allows, take a coffee break with the person.

Ending the Interview

- Thank the person for the interview. Let them know of the value of their responses to the evaluation task. If they express interest in the final results, ask them to contact the USAID Mission in a few months.

Types of Evaluation Questions

Narrow and Broad

- Were the potholes in this street repaired or what improvements have been made to this street, if any?
- Did these improvements reduce the damage to your vehicle or what effect did the improvements have on your life?

Time

- When did water become more available?
- Over what period of time did you complain to the water company?
- Is life better for you now than ten years ago?

Fact or value judgment

- Are you employed?
- Are satisfied with the increase in available buses?

Personal to the individual or in general

- Do you take the bus or do people use the buses much?

Hypothetical

- What would you do if the bus fares were raised?

Contrast and rating

- What is the difference in your work now that you have a computer?
- Is plan A better than plan B?

Follow-up, expanding, probing

- Really? And so...
- Can you say more about that? Please give me an example.
- Why? What for? When? Who? How many? Which? Where?

Evaluation approaches

Non-participatory

Participatory

Purpose:

Measure progress relative to the program approach and objectives

Expand beyond the measurement of program approach and objectives

Lessons learned to be used for program planning

Scope of data:

Limited number of variables related to objectives

Expand beyond program objectives

Iterative process produces new questions

Data methods:

Primarily quantitative

Accept more qualitative measures

Emphasis on objectives

Subjective judgement more acceptable

Responsibility:

External evaluators

Program stakeholders including users or consumers

Program managers

Advantages:

Oriented to objectives

Expand beyond objectives

Customary approach

Assure community/cultural perspective

Lower cost

Shared analysis

Shorter time required

Stakeholders can implement findings and recommendations

Trained evaluators

Disadvantages:

Information provided to limited audience

Time and cost

Evaluators take information away

Potential for bias and deception

Participatory Evaluation Steps¹

Phase I: Pre-planning meetings (Evaluation Coordinating Group)	Step 1: Define evaluation goal & objectives Step 2: Identify evaluation members Step 3: Plan logistical and administrative arrangements Step 4: Develop visual framework of the project
Phase II: Evaluation planning workshop (Evaluation Team)	Step 5: Organize stakeholders into a working group Step 6: Develop evaluation questions Step 7: Identify data collection techniques Step 8: Develop data collection instruments Step 9: Finalize sample of data collection sites and interviewees
Phase III: Field data collection and analysis (Fieldwork Teams)	Step 10: Orient fieldwork teams Step 11: Conduct interviews and observations Step 12: Analyze information collected Step 13: Summarize fieldwork findings
Phase IV: Workshop to formulate lessons learned (Evaluation Team)	Step 14: Formulate lessons learned for each evaluation question Step 15: Team assessment of the evaluation process Step 16: Summarize lessons learned
Phase V: Development of action plan (Key program stakeholders)	Step 17: Develop action plan based on evaluation findings
Phase VI: Finalization and dissemination of evaluation report (Evaluation Coordinator and Evaluation Coordinating Group)	Step 18: Write evaluation report Step 19: Distribute and discuss evaluation results with project collaborators

¹ Judi Aubel, *Participatory Program Evaluation: A Manual for Involving Program Stakeholders in the Evaluation Process*, Catholic Relief Services, Institutional Strengthening Grant No. FAO-0801-G00-3034-00, U.S. Agency for International Development, 1993, p. 16

Participatory Process Uses²

Assessment	— Preliminary design
Monitoring	— Work in progress
Evaluation	— Judging the effect or significance of something
Program Development	— Lessons learned and new programming possibilities

Purpose? For making decisions

By and For Whom? Those who are affected

- Ultimate customers
- Local NGOs
- Government
- Donors
- All stakeholders

Why?

- To change course - make corrections
- To plan — to “close the loop” from evaluation
- To help others plan and implement better
- To build capacity
- To promote sustainability of results

² Anne Sweetser, American University Workshop Notes, Washington, DC, 1998.

Participatory Learning Process

Conventional/straightforward	Creative/iterative
Builds on a growing database or set of information	Information not limited to previous database and can emerge from anywhere
Use the proven ways of thinking and getting more knowledge	Learning can benefit from new approaches
Dependence on what our culture accepts	In certain situations, our culture may not have the appropriate perspective
Established norms or standards	Minimum reliance on norms or standards
Mistakes not usually tolerated	One can learn from mistakes
Heavy reliance on self-study	We can learn from others
Experience based	Some experiences are not relevant and can detract from learning
One-way directional, from teacher to student	Teacher can learn from student, who can learn from teacher, who can ...
Reaches some ending point (a degree)	Can be an expanding process
Learn by reading about it: Theory	Learn by doing it: Practice
Rather be safe than sorry	New information can be obtained by having the courage to risk mistakes

Note: The "creative/iterative" process fairly well describes established methods of scientific inquiry.

Evaluation Teamwork

Teams are effective when team members are in basic agreement about objectives.

Diversity of team member backgrounds results in different personal perspectives and different technical expertise. (triangulation).

Specialization of tasks on team can increase the results; however, by exchanging roles, both may learn new skills.

Improving the results

- There is nothing truly wrong. Recognize and state the real situation. Acknowledge that improvements can be made. Take constructive action. (Not that everything is rosy. Not positive thinking.)
- Critique of team member's work should be constructive.
- Recognize and acknowledge team member achievements.
- Share impressions and learn from each other.
- Help each other be right, not wrong.
- Look for ways to make new ideas work and not reasons why they won't.
- Enthusiasm is acceptable.
- It's okay to have fun.

Communications

- When in doubt, check it out.
- If you have a question, ask it.
- The best time to communicate is now, not sometime.

Evaluation Questions to Avoid

Leading

- Don't you think that bus service would improve if the company had more money through increased fares?
- Wouldn't you agree with me that the city government hasn't done enough to publicize the budget?

Two in one

- Do you think there are more buses now because they improved the scheduling and they bought more buses?

Very or Too Sensitive

- Is it true that you don't attend public meetings on local government because you don't have enough education?

Raising expectations

- What if the World Bank provided your company with assistance?
- USAID has supported transportation projects in the past. What do you think should be done to improve the situation?

Notes, Analysis, Reports

Interviews and other data collection form the basis for analysis and final report preparation. The steps resulting in the reports are critical to the end result of evaluation findings and recommendations. Remember that notes on each interview addresses a set of evaluation purposes.

Note Taking

- Take notes during the interview (don't wait until it is over). Take as many notes as possible.
- Record the key words and ideas, exact words, phrases, grammatical usage, odd speech patterns.
- Original, descriptive phrases or saying should be recorded word-for-word as quotations.
- Don't add your own interpretation of the words.
- Use some easy abbreviations: R= respondent, DK= don't know.
- Note facial expressions, non-verbal communication, respondent did not appear interested.
- For group interviews, differences of opinion should be recorded.
- Go back over the notes immediately after the interview -fill in gaps, abbreviations, punctuation. Work with your team mates and add notes about everyone's reactions.

Reviewing an Interview

- What new or unusual use of words or phrases did you notice?
- What new or special things did you learn about your research topic?
- What is not clear? What puzzles you? What new questions do you have in your mind now?
- What were you expecting to see or hear that you did not see or hear?
- What did you learn about the other person's perspective or view?
- What new ways of leading the conversation/asking questions did you try, which were good, which were not successful?

Analysis

- Analysis is done daily, after each interview session, and after completion of the interview day.
- Keep a table always handy and continuously record your findings and conclusions as well as those of your team members.

- Organize your notes into questions and categories: impact of the program, recommendations of respondents, lessons learned.
- Discuss your conclusions with team members. Use these discussions to expand and qualify findings and recommendations.
- New questions may emerge. Adjust the data collection instruments. Plan the steps to find out information to address the new question.
- Develop outlines and summaries of findings, conclusions, and recommendations.
- Conclusions should be derived naturally from the collected information. Show the link of the information to findings, conclusions, and recommendations.

Reports/Memoranda

- Write a report outline, add detailed subsections. There is no ideal outline. The outline is shaped by the purpose, the collected information, and the analysis. Sample outline:
 1. Introduction/Context/Purpose
 2. Evaluation Methods, Team, Sites Visited
 3. Program Description
 4. Program Results
 5. Findings and Recommendations
- List activities, persons interviewed, special reports used.
- Use diagrams, tables, charts whenever possible.
- Write only what is necessary. Don't repeat information. Don't assume the reader knows certain important details. The objective is to communicate logically and clearly to all potential readers.

Interview guide

Introduction

The analysis of the combined information gathered in all of the interviews needs to answer the fourteen evaluation questions, as well as any other significant policy and program issues that arise during the evaluation. Generally, the analysis focuses on the *impacts* of the Effective Local Government (ELG) and the Urban Public Transportation Improvement (UPTI) Projects. These impacts are changes in performance and behavior of municipal government and communal services enterprises that are of importance to stakeholders that would not have occurred in the absence of the Projects. This restriction introduces a counterfactual, mildly speculative, element into the analysis: what would (might) have happened in the absence of the Projects? The search for information through interviews and other activities needs to account for this dimension. The Projects interacted with and contributed to a broader process of change in terms of municipal management and service delivery. Even if the respondent is not aware of the Projects or their particular contribution, his or her recollection of developments in these areas during 1998 (and beyond) is still relevant.

To provide sufficient information to address the fundamental question of the *net* contribution of the Projects, it is therefore useful to ensure that the structure of the interviews covers all five elements of a very general evaluation "model:"

- **Context:** What was the situation at the end of 1997 (when the Projects were launched)? What were the major needs/objectives and what were the main constraints on achieving them? What efforts were under way at the time (and with what success)?
- **Processes:** What steps were taken/activities launched to address these needs and alleviate these constraints during 1998 and since? How did any Project activities fit into the overall process? Were there similar or related efforts in other areas of municipal government and service delivery?
- **Inputs:** What kinds and levels of resources were used in carrying out the reform activities in the areas supported by the Projects? The resources include financial contributions from different sources, as well as in-kind contributions such as the time of staff or volunteers.
- **Process accomplishments:** What were the immediate outcomes of the reform activities — number of people trained, computers/software/systems installed, procedures changed, buses operational, service coverage, on-time performance, service disruptions, etc.? The focus here is primarily on the specific accomplishments of the Projects, although related outcomes at this level are useful for comparison purposes.
- **Impacts:** What are the changes in terms of the objectives (needs/expectations of stakeholders) and constraints since early 1998? What role have the Projects played in bringing about these changes? Where did performance fall short of meeting objectives? Where do constraints persist?

The nature and direction of the actual questions differ of course, depending on the position and background of the respondent, and his/her familiarity with specific efforts during 1998.

The attached interview guide comprises an outline of a typical interview session, and a table that lists the fourteen evaluation questions against the major respondent groups. Both the guide and the table are designed as aids in information gathering , rather than as compulsory "checklists." Each interview will be different, and provide different insights into the performance and accomplishments of the Projects, but it is useful to have a common reference.

Structure of the interview

Opening/introduction — 5-10 minutes

Introduction of the interviewing team, both members and their roles. (Note-taking member of the team may also pose questions for clarification, follow-up.) Qualifications of the team.

Brief description of the objectives of the participatory evaluation — changes in municipal government, management and service delivery over the last couple of years (and the role of Projects supported by USAID in that process). Identification of priorities for further reform/improvement.

Respondent's background and role in the organization. Involvement with USAID Projects? If so, what was the involvement? (This step may take a little longer in group interviews.)

Context — 10-15 minutes

"Think back where things stood about 2 years ago ..." Unmet needs and expectations of citizens and service customers, principal constraints on municipal governments and service companies to respond to these needs and expectations, actions/initiatives by various stakeholders, efforts/programs already under way in late 1997/98 to address the problems.

Processes — 20-30 minutes

This part of the interview is critical to understand the process environment for the Projects and their role in moving forward.

What steps were taken to respond to problems, and improve the performance of municipal government and service enterprises in terms of effectiveness (meeting needs and expectations) and efficiency ("more with less").

- Needs appraisal — what techniques and procedures? Surveys, focus groups, public meetings, citizen advisory panels, etc. How implemented (one-time vs. continuing)? Process still active? Has it changed?
- Resource and process diagnostics — inventory of staff capabilities, physical and financial resources, procedures, information flows, decision making structures, etc. One time or continuing?
- Options assessment — How were response options identified? Internally? Stakeholders? Advisers? AUC? International contacts? Study tours?
- Strategic planning process — structure and procedures; involvement of stakeholders; process changes over time; institutionalized?
- Implementation — who? What? Where? When, in what sequence? (Paint a picture of the implementation process.)
- Training — needs identification, program selection, content determination, etc.
- Problems encountered in planning and implementation. Responses?

Inputs — 5-10 minutes

Who contributed what? Staff and people resources (including volunteers, especially in citizen participation). Financial resources? Mobilization of financial resources (including changes in pricing policies, taxation, and bank borrowing)? Options not used? Problems encountered? One time or sustainable?

Process accomplishments — 10-20 minutes

This part of the interview depends very much on the nature of the interview and the type of the respondent. In many instances, it will be possible to obtain "hard information" — number of people trained, type and duration of training, number of bus kilometers, passenger-kilometers, on-time performance, service disruptions, fare and revenue collection, number of meetings, participation, overtime, etc. To the extent possible, the interviewer will obtain such information from the respondent(s), or will obtain guidance for following up later.

In other cases, the process accomplishments may be more qualitative in nature: putting in place new route structures or planning procedures; installation of new information technology; new management reporting and decision structures; new operating procedures; etc. Getting a good handle on these aspects requires patient probing — exactly what was new? When did the changes occur? Have the accomplishments (especially procedural and operating changes) lasted or are they continuing to evolve?

Impacts — 15-25 minutes

Our participatory evaluation is primarily concerned with the (net) impacts of the Projects, their success in meeting the needs and expectations of the key stakeholders in the process — the political leadership, operational management, employees and service providers, and citizens and customers. The exact grouping of stakeholders of interest will vary with the nature of the interview, the sector the interview is focusing on (municipal administration/finance, transportation and water & utilities), the position of the interviewee(s) and their particular perspectives, and other factors.

What has changed for the better (or worse) in terms of the needs and expectations of the stakeholders identified in the context discussion? What evidence is there that these changes have occurred? Where have the reforms or improvement efforts fallen short of meeting needs/expectations? Why? What constraints have been mitigated as a result of the efforts over the last two years? To what extent are the improvements actually the result of programs and efforts launched before late 1997?

Do the observed or perceived changes add up to a change in "culture" linking citizens and local government/administration, and customers and communal service providers? How do they relate to changes in similar linkages at the regional and national level? (Example: water vs. electricity/heat, public transportation vs. broader transport planning?)

What role have the Project interventions played in achieving these impacts? How have they made their contribution? Have all of the Project interventions contributed?

Wrap-up — 5-10 minutes

Paraphrase major points and present for confirmation (to make sure that the respondents meant what you heard). Any follow-up clarification question from the note-taker?

Arrange for any follow-up (pick up of materials, etc.)

Thank the respondent.

Annex G

Fourteen evaluation questions revisited

Evaluation questions

Note on answers: None of the answers and observations apply across all of the partner cities, nor to all of the six the evaluation team visited. It is probably fair to say that significant impacts are typically limited to a few of the participating cities and communal service enterprises. Any of the impacts associated with the implementation of the Citizen Involvement/Consumer Participatory Outreach (CI/CPO) Model are of course limited to the two cities that participated in that part of the ELG project.

A. Cities/Communal Service Enterprises

1. As a result of the advice and assistance provided under the Urban Public Transportation Improvement (UPTI) Project and the Effective Local Government (ELG) Project, has there been improved quality of service, qualitatively and quantitatively, in the respective cities? Is there improved citizen satisfaction with these services?

- Public transportation services have improved in cities where trolleybus enterprises added minibuses and other motorized buses, and where private-sector participation was encouraged. Citizen satisfaction has increased in these cases.
- In the two ELG/water supply cities, Chernivtsi registered a significant improvement in service levels and customer satisfaction, but primarily as a result of completing the construction of a second pipeline. The project may have contributed to accelerating that investment and may have encouraged other management changes. Service levels in Sumy may have improved as a result of efforts to manage the system in a more responsive manner.
- We should also note that we found evidence of significant water service improvements (and presumably increased customer satisfaction) in two non-ELG/vodokanal cities. The enterprise in Rivne apparently received a \$20,000 grant under a USAID environmental project, which allowed it to repair or replace pumping systems and improve services. The enterprise in Kryvyi Rih obtained contributions from the industrial enterprises operating in the city to construct new pipelines and improve services.

2. Determine whether the technical assistance and/or training and information that was provided (a) are currently being used by local government and/or communal service enterprise staff and officials on their jobs; (b) have changed the way these officials and staff do their jobs; and (c) have changed the way the trolley bus company or vodokanal operates or delivers services. Please cite specific examples.

- While it is difficult to trace a particular practice or procedure to a particular source (TA or training), city officials and communal enterprise managers reported that they are using tools and ideas that originated in the projects. One phrase we kept hearing was: "It changed our vision."
- There are specific examples of officials doing their jobs differently, such as using the FAM in budget preparation, or the project-provided computers to change

management methods significantly, or to adapt solutions tried elsewhere through AUC contacts and other means.

- In some cities and enterprises, ways of doing business have in fact changed as a result of the projects. Vodokanal companies now stress customer orientation; trolleybus companies either operate minibuses or contract with private operators.

3. Is information concerning actions and operations of city administration now more readily available to citizens than before the start of these projects? Is there improved information flow from the city administration (including the communal service enterprises) to the citizens that is attributable to efforts of these projects? If the answers are in the affirmative, what are the results or impacts of this improved transparency? Please cite specific examples.

- Some city administrations make a deliberate effort to inform citizens, primarily through mass media ("Ask the mayor.") The two vodokanal companies that participated in the implementation of the CI/CPO Model, Chernivtsi and Sumy, are seeking to keep customers informed. The impacts of such efforts are diffuse, but the apparent absence of citizen movement on particular issues, beyond specific complaints, suggests that communications are satisfactory within the current context.
- We are not aware of any specific outreach or information sharing effort on the part of public transportation companies.

As a result of these programs, has the image, role, definition of city government held by employees and officials of the city administration undergone any change? Has horizontal interface and coordination increased? Has the image, role, definition of city government held by the citizens changed for the better?

- The image, role and definition of city government continues to evolve as a result of many factors, including legislative, regulatory and administrative practices at different levels of government. In general, it is virtually impossible to trace the influence of one particular intervention. In Chernivtsi, the implementation of the CI/CPO Model drove home the political benefits of open communication, and contributed to changes in attitudes and perceptions.
- The workshops, conferences and other materials, as well as the activities of the AUC are likely to have contributed to an enhanced sense of solidarity among (some) municipal governments vs. other levels, thus (re)shaping views of the role of city government.
- In both CI/CPO Model cities, Sumy and Chernivtsi, citizen attitudes about municipal service providers — and by implications municipal government — have improved.

5. What indications, if any, are there of improved management and implementation of management changes and adoption of new procedures or processes (e.g., improved financial analysis and planning, competitive procurement, inventory

UPTI project interventions and results for selected cities

1. Rivne

Principal interventions	
USAID/Contractor	Enterprise/city
1. Financial assistance (\$100,000) for purchase of (a) spare parts; (b) 4 computers & 1 printer.	The city did not comply with requirements under the Memorandum of Understanding. The enterprise: (a) improved the availability ratio for vehicles; (b) developed and successfully implemented 2 sets of software (networked); also purchased 3 computers and 3 printers with its own funds, for a total of 7 computers and 4 printers.
2. Presentation of modern management methods: (a) training of personnel (especially in the area of financial and economic analysis) and computerization of their work; (b) dissemination of project-developed software "Information system of financial management"	(a) completed; (b) not completed.
3. Improved image of state-owned transport (logos, color scheme)	Not implemented

124

Rivne (continued)

Project recommendations	Company response	Notes
1. Raise fares to eliminate losses and stabilize financial situation	Tariff before 11/18/98: 20 kop. Between 11/19/98 and 7/23/99: 25 kop. 7/24/99 - : 35 kop.	Cost of carrying 1 paying passenger: 1997: 19.56 kop (average tariff – 18.53 kop) 1998: 20.61 kop (20.56 kop); 1999: 27.23 kop (22.70 kop)
2. Control administrative and general expenditures	8% of total over first 9 months of 1999; 8.14% in 1998; 13.3% in 1997	
3. Improve financial reporting and accounting systems to provide managers with reliable information for decision making	Computer program not implemented, but new analytical methods are being used	Networked computers installed at the economic service and at the chief economist's office. Accounting program to be developed in 2000.
4. Develop and implement a long-term development plan for the enterprise	Current and long-term development plans for the enterprise and its financial and economic performance have been developed. Monthly review meetings.	
5. Construct kiosks at existing bus stops and use them, or allow them to be used, commercially.	Not implemented.	
6. Establish the technical maintenance operation as a separate cost center, with a view to spinning it off as a separate company later.	Not implemented; company management does not consider it feasible at this point. Introduced cost standards for maintenance depending on the number of vehicles on routes.	Maintenance expenditures account for 27% of total expenditures.
7. Leave full control over operation of vehicles on routes and coordination of traffic schedules with city authorities.	Not implemented; city authorities do not want this.	

control, revenue collection, fleet management)? Did the technical assistance or training improve the local governments' effectiveness and efficiency?

- In the public transportation companies, service structures have changed in several of the participating cities, in particular through the introduction of minibuses by both public and private operators. Specific management changes include a virtually real-time fleet management system in Kirovohrad that matches buses and driver-conductor teams to changes in ridership/demand. Elements of this system have been adopted by other companies.
- Fare collection has improved through increased reliance on conductors, and the introduction of control procedures. Reported gains in fare revenues have been significant in all participating cities. In an environment in which payment for public services is often considered almost optional, virtually all non-exempt public transportation users now pay.
- Collection of water fees is said to have improved somewhat, partly as a result of the more open communications. There is anecdotal evidence that groups have volunteered to encourage residential customers to pay their bills. Yet residential arrears remain as a major problem, and a considerable portion of other bills are still settled through offsets and barter.
- Effectiveness & efficiency are difficult to assess in general public administration, in particular without the existence of specific pre-project/baseline information. There have been significant gains in (some) public transit operations. Revenue has increased and operating costs have been reduced, implying greater effectiveness and efficiency.

6. What changes, if any, have taken place in the attitudes of the mayors, trolley bus directors and vodokanal directors and their respective management teams regarding the larger question of in-service training? What are their priorities for future training?

- Respondents acknowledged the value of the workshops and other training activities under the projects. The emphasis for future training is on the exchange of information, and the study of best practices in Ukraine and elsewhere. There is also interest in continuing education in computer-based management tools.

7. Is there evidence of increased and institutionalized citizen/consumer participation as a result of these projects? Did the citizens find the government more responsive because of their increased participation? Please give specific examples.

- The evidence for citizen/consumer participation is largely anecdotal, and does not suggest any institutionalized framework or procedure. Citizens in the two CI/CPO cities felt that their participation had made a difference in the water sector, resulting in more responsive operations. Citizen/consumer involvement now seems to operate more on the squeaky-wheel principle, with city administrations responding (and possibly more responsive) to complaints and inquiries originating with citizens.

8. Is it apparent that strategic planning was practiced in these cities and communal service enterprises? For instance, are there long-term capital improvement plans and debt management plans in place and being used? What longer term results and impacts, direct or indirect, can be anticipated?

- Some of the enterprises practice strategic planning. In Ivano-Frankivsk, the public transportation company is engaged in a longer-term development plan proceeding through service restructuring and the creation of an independent joint-stock company. In Chernivtsi, the city's vodokanal company is said to follow a strategic development plan prepared with assistance from the European Union's TACIS program. In general, though, external constraints (ceilings on tariffs, unfunded mandates, top-down budget preparation) focus attention on immediate needs, providing little room for strategic planning.

9. What are the mayors' and/or communal service enterprises directors' views of the improvements in financial analysis and management, computer capability, service delivery, citizen participation, and strategic planning? What do they expect from these improvements? Have these changes altered their views of the role of city government? Their view of their respective roles, including as lobbyists at the national level?

- The views of mayors, city officials and managers of communal services enterprises regarding these issues are commonly shaped by perceived and real constraints. They sense that they have acquired capabilities that cannot be fully used for better management, given the rigidities and uncertainties in their environment. Although it is difficult to generalize, the view appeared to be at times that these capability gains were useful in preparing for the day where they would have more control over their own destiny.
- In terms of computer capability, few pronounced themselves satisfied with the current status. The deployment of computers in certain areas had demonstrated the potential gains in management performance, and there is a keen interest in putting computers to work in other departments. Yet computers are capital equipment, for which available funds are but a fraction of needs.
- Strategic planning tends to receive less attention when much of the managerial energy is devoted to survival. One of the factors that makes strategic planning difficult is the pervasive problem of arrears. The official (optimistic) position that these problems can be solved shortly through offsets and arrears is hard to accept.
- Mayors certainly perceive the need for effective lobbying to achieve changes in the environment, retain more of the taxes collected at the local level, gain greater predictability in the budget formation process, and receive fair compensation for nationally mandated benefits delivered at the local level. They look to the AUC as their champion in this process.

10. What is the view of the Finance/Budget Directors regarding the improvements in automatic data processing capability, information management and improved systems now at their disposal? Have these changes altered their perceptions of the

role of their divisions? What are the reactions of their staff to the upgrades and changes? Please specify.

- Finance/Budget Directors are fully appreciative of the contribution of information technology to facilitating their task and to shifting to a new role as a major cog in the day-to-day management and decision making process. We have seen sophisticated systems replacing manual procedures that allowed for greater management responsiveness. Other procedures continue on a manual basis, given the lack of computers. In terms of the Financial Analysis Model, it has been used effectively for certain functions, but apparently more as an "add-on" rather than an integral part of the budget development process. Deployment of computers can take advantage of highly skilled staff for the adaptation of standard packages, such as accounting.

11. Have any of these changes altered the operational relationship of the city administration and the mayor to the Oblast? Cite specifics.

- Our findings suggest that the relationship between the city administration and the mayor to the Oblast are still characterized by remnants of centralized thinking. The patterns suggested that the Oblast could have participated more systematically in some role in the projects at the local level.

B. The Association of Ukrainian Cities

1. Did the training and technical assistance result in structured, sustainable policy formation processes and consultative procedures for determining policy on legislative issues related to government? Did these procedures or other training result in increased policy advocacy at the national level? Was there any direct correlation between RTI's work with the Association and its effect on legislation important to local government? Please cite specifics.

- The training and technical assistance under the project strengthened AUC's role as a policy advocate on behalf of the country's municipalities. RTI advisers worked closely with AUC officials in lobbying for appropriate provisions in national legislation. As a result, the AUC contributed directly and significantly to the 1999 and 2000 budget discussions with government officials and the Verkhovna Rada Budget Committee.

2. Has the Association's consultancy and training capacity on municipal issues increased as a result of RTI's work?

- AUC's capabilities in consultancy and training improved as a result of the project support. According to one source, the AUC's role as a broker for expert advice among municipalities is effective. One expert listed in the AUC directory reported that she received many phone calls for advice and assistance as a result.

3. What changes occurred that could be directly attributable to RTI's work, in communication strategies and actual methods and types of communication? What new or improved methods are now used: by the Association to inform members;

for member-to-member communication; and to solicit members' opinions on areas of interest to them?

- The AUC has been publishing a bi-monthly journal, and is also communicating through a web site. It continues to communicate with its members through workshops and conferences, and is in the process of establishing a presence in several regions. City officials we interviewed indicated general satisfaction with the activities of the AUC, and its efforts to encourage member-to-member communication also reach into the operating levels.

Rivne (continued)

Project recommendations	Company response	Notes
8. Develop a system of control and performance evaluation by route.	Implemented; a "Traffic Service" software allows for operational control over vehicles deployed, idle time, fare collection, and for the evaluation of the performance of each crew and route, as well as for the enterprise as a whole.	Revenue dynamics (in UAH): Per km Per hour 1997 1.06 14.87 1998 1.08 15.36 1999 1.20 17.53
9. To restructure the fleet to introduce 50 minibuses (35 in 1999, 5 in 2000, and 10 in 2001)	2 contracts signed for delivery of 15 "Gazel" minibuses, purchased with enterprise funds	Cost: 15 vehicles @ 24,500 UAH = 368,000 UAH
10. Review and decrease the number of fare exempt riders	Solution possible at the national level; proposals have been submitted	System is transporting 1.04 "privileged" passengers for each paying passenger
11. Consider having the trolleybus company take over the city buses	Not implemented, because fleet is very old and dilapidated	
12. Control revenues and expenditures	Implemented: (a) divisions are given limits for expenditures; (b) remuneration (bonuses) for all employees depends on revenue collected	
13. Reduce time vehicles spend in repair status	Being implemented	Vehicles in repair: 1997 — 18 (25.0%) 1998 — 13 (18.5%) 1999 — 11 (16.0%)
14. Tap other sources of revenue (advertising, leasing out, car wash, parking, "discounts")	Being implemented. Over 9 months of 1999, revenue from these activities amounted to 257,600 UAH	

2. Kryvyi Rih

Principal interventions	
USAID/Contractor	Enterprise/city
1. Financial assistance (\$100,000) for purchase of (a) spare parts; (b) 3 computers & 1 printer.	City reportedly contributed beyond its commitments under the MOU; the director of the transportation enterprise cited a figure of \$150,000
2. Presentation of modern management methods: (a) training of personnel (especially in the area of financial and economic analysis) and computerization of their work; (b) dissemination of project-developed software "Information system of financial management"	(a) not carried out; (b) not carried out.
3. Implementation of a program to improve the image of state-owned transport (consistent use of logos, color scheme)	Not carried out
4. Provision of special order services	Being offered. Proportion is low; fares according to current tariffs.

Kryvyi Rih (continued)

Project recommendations	Implementation	Notes
1. Raise fares to eliminate losses and stabilize financial situation	No fare increases	Average tariff: 18.4 kop. Nominal tariff: 30 kop.
2. Control administrative and general expenditures	No specific efforts; enterprise was not able to define steps to decrease expenditures	Expenditures per km: 1997: 1.09 UAH 1998: 1.25 UAH (+ 15%) 1999: 1.40 UAH (+13%) [first 9 months]
3. Improve financial reporting and accounting systems to provide managers with reliable information for decision making	Not done.	
4. Develop and implement a long-term development plan for the enterprise	Not implemented.	
5. Construct kiosks at existing bus stops and use them, or allow them to be used, commercially.	Some kiosks have been constructed. Information on revenue from these operations was not available because of accounting does not track revenue by source.	
6. Establish the technical maintenance operation as a separate cost center, with a view to spinning it off as a separate company later.	Separation deemed infeasible. Tram repairs in Odessa, Voronezh (Russia); trolleybus repairs for Depot #2 in Dnipopetrovsk and Kharkiv	20-24 repairs per year; cost 53,000 UAH.
7. Leave full control over operation of vehicles on routes and coordination of traffic schedules with city authorities.	Not implemented.	
8. Develop a system of control and performance evaluation by route.	No evidence of any systematic control and evaluation system or procedure.	
9. To restructure the fleet to introduce 50 medium-size buses (35 in 1999, 25 in 2000, and 25 in 2001)	The enterprise did not consider this recommendation.	

132

Kryvyi Rih (continued)

Project recommendations	Implementation	Notes
10. Review and decrease the number of fare exempt riders	The enterprise did not consider this recommendation.	
11. Consider handing over all city routes to "Elektrotrans"	The enterprise did not consider this recommendation.	

3. Kirovohrad

Principal interventions	
USAID/Contractor	Enterprise/city
<p>1. Financial assistance (\$100,000) for purchase of</p> <p>(a) spare parts and units for repair of trolleybuses;</p> <p>(b) 4 computers & 1 printer.</p>	<p>City authorities did not meet their financial obligations under the MOU.</p> <p>Enterprise staff developed critical software on their own (programming engineer Svitlana Biletska — highly qualified specialist)</p> <p>Availability ratio:</p> <p>1997 — 72.8%</p> <p>1998 — 72.0%</p> <p>1999 — 70% (first 9 months)</p> <p>Average time in service:</p> <p>1998 — 9.4 hours</p> <p>1999 — 9.2 hours</p> <p>Idle time</p> <p>1997 — 5.18%</p> <p>1998 — 2.98%</p> <p>1999 — 2.20%</p>
<p>2. Presentation of modern management methods:</p> <p>(a) training of personnel (especially in the area of financial and economic analysis) and computerization of their work;</p> <p>(b) additional computers and special software for better management control;</p> <p>(c) dissemination of project-developed software "Information system of financial management"</p>	<p>(a) There is a long-term information technology development plan for the enterprise (11 computers and 1 server);</p> <p>(c) not carried out.</p>
<p>3. Implementation of a program to improve the image of state-owned transport (consistent use of logos, color scheme)</p>	<p>Not carried out. (Director commented that actual color schemes for any particular bus depend on what paint happens to be available.)</p>

Kirovohrad (continued)

Project recommendations	Implementation	Notes
1. Raise fares to eliminate losses and stabilize financial situation	No fare increases	Average tariff: 15.4 kop. Nominal tariff: 25 kop. Cost per ride: 24.4 kop.
2. Control administrative and general expenditures	Being implemented; 4.3% of total expenditures vs. 16.3% earlier (9.4% at payment centers.)	Expenditures per km: 1997: 1.09 UAH 1998: 1.25 UAH (+ 15%) 1999: 1.40 UAH (+13%) [first 9 months]
3. Improve financial reporting and accounting systems to provide managers with reliable information for decision making	No significant progress. Methods of financial and economic analysis outdated. Computer programs in use do not cope with the problem.	No computer at the Planning and Economic Analysis Department; balance sheets and analytical calculations are done manually.
4. Develop and implement a long-term development plan for the enterprise	Business plan developed with the help of project consultants; needs periodic review.	
5. Construct kiosks at existing bus stops and use them, or allow them to be used, commercially.	Not implemented.	
6. Establish the technical maintenance operation as a separate cost center, with a view to spinning it off as a separate company later.	Not implemented; they expect that the division's services would become more expensive after separation, worsening the enterprise's financial situation.	Share of maintenance in total expenditures: 32.1% as of October 1997; no estimates available for 1998 or 1999 (calculations have to be done manually)
7. Leave full control over operation of vehicles on routes and coordination of traffic schedules with city authorities.	Not implemented; the city does not want this agreement.	
8. Develop a system of control and performance evaluation by route.	Implemented. The enterprise developed an excellent comprehensive program "Traffic service" that allows management to plan, calculate work schedules, control idle time of vehicles and return, adjust plans for fare collection, and evaluate every crew's contribution to fare revenue in real time.	

135

Kirovohrad (continued)

Project recommendations	Implementation	Notes
9. To restructure the fleet to introduce buses. Recommended purchase of 40 minibuses, 11 medium-sized buses	Being implemented; enterprise took out a loan from "Aval" Bank, at an interest rate of 60%, using its property as a collateral, to purchase 5 medium-sized LAZ buses. Plan to integrate private minibus services into their overall service schedule.	
10. Review and decrease the number of fare exempt riders	Requires action at the national level; proposals have been submitted	Enterprise transports 1.6 non-paying passengers for each paying rider.

Participatory evaluation team member Lhubov Ilyina compiled this information. Editorial changes of her write-up have been kept to a minimum. Unfortunately, we did not obtain similarly detailed information for the other three cities, but the three cities illustrate the range.

Annex I

Team assignments of participant-evaluators

Participant Name	Interest Area Primary	Interest Area Secondary	City Interviews First Week	City Interviews Second Week
Anatoliy Tetyora	Trans	Water	Rivne	Kirovohrad/Kryvyi Rih
Lyubov Ilyina	Trans		Rivne	Kirovohrad/Kryvyi Rih
Olena Chukhno	ELG/AUC*		Rivne	
Stepan Zaginey	Trans		Rivne	
Vyacheslav Nepomnyashchii	ELG/AUC*		Rivne	Kirovohrad
Tatiana Talalayeva	Water		Rivne	Kirovohrad
Lidiya Pavlukh	ELG/AUC*		Ivano-Frankivsk	Kirovohrad
Margaryta Yurchenko	Trans		Ivano-Frankivsk	Kirovohrad
Victor Gordienko	Trans		Ivano-Frankivsk	Kirovohrad
Tamara Palivoda	Trans		Ivano-Frankivsk	Sumy
Volodymyr Levchenko	ELG/AUC*		Ivano-Frankivsk	Sumy
Dominika Vorotnyak	Water		Chernivtsi	Sumy
Lyudmyla Semenyuk	Trans		Chernivtsi	Sumy
Valeriy Oliynyk	Water		Chernivtsi	Sumy
Iryna Chaika	Water	ELG	Chernivtsi	Kirovohrad
Oleksander Cherkas	ELG/AUC*		Chernivtsi	Kirovohrad
Petro Luzik	Trans		Chernivtsi	Kirovohrad/Kryvyi Rih
Tetyana Ytskevych	ELG/AUC*		Chernivtsi	Sumy
Leonid Yakovets	Trans			Kirovohrad/Kryvyi Rih

*Effective Local Government/Association of Ukrainian Cities